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UNITED NATIONS COMMON SYSTEM

Comments by the Federation of International Civil Servants' Associations

Note by the Secretary-General

The Secretary-General transmits herewith for consideration by the Fifth Committee a document submitted by the Federation of International Civil Servants' Associations (FICSA). This document has been presented pursuant to the provisions of paragraph 2 (b) of General Assembly resolution 35/213 of 17 December 1980, whereby the General Assembly reiterated its readiness to receive and consider fully the views of the staff as set out by a designated representative of FICSA in a document submitted through the Secretary-General under the agenda item entitled "Report of the International Civil Service Commission".

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Annex

COMMENTS BY THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS

1. The Federation of International Civil Servants' Associations (FICSA) is pleased to have this opportunity to address, point by point, the various recommendations made in the Report of the International Civil Service Commission (ICSC) for the year 1992. 1/ The purpose of the present paper is to provide a direct input to the discussions of the Fifth Committee on these items of considerable interest to the staff of the whole United Nations system. Paragraph and subparagraph numbers in the present document refer to those in the report of ICSC.

2. In reporting on the withdrawal of the representatives of FICSA and of the Coordinating Committee of Independent Staff Unions and Associations (CCISUA) and on the extraordinary Staff Assembly held during the thirty-sixth session of ICSC in paragraphs 9 and 10, the resolution adopted by the Staff Assembly and presented to the Chairman of the Commission has been omitted from the report of ICSC. The full text of that resolution is given in appendix I to the present report. After the Federation's withdrawal, a FICSA representative attended only the item on Professional salaries to present a FICSA document (ICSC/36/R.8/Add.1) which had been submitted by the Federation; FICSA did not participate in the discussion of any other item on the agenda of the Commission, nor in the adoption of the report of the session or the annual report. Nevertheless, as the views of FICSA, for those items considered before the Federation's withdrawal, had been presented in writing to the Commission's secretariat throughout the session, they were correctly reflected in the report of the Commission to the General Assembly. It should be noted that the views of the staff representatives are solicited before and, normally, during the discussion of the agenda items; staff representatives' views are not solicited during the Commission's decision-making process, nor on the decisions themselves.

3. The effect of biennialization on the work of the Commission and of the Fifth Committee will pose some problems as noted in paragraph 28. While being sympathetic to the desire of the Fifth Committee to rationalize its programme of work, the Federation wishes to note that there are some issues that do not easily lend themselves to such a schedule. As pointed out in paragraph 16, FICSA would find it totally unacceptable for staff members to suffer arrest or detention for one day longer than necessary because the appropriate Committee of the General Assembly did not consider a report on their status during an "off" year. Furthermore, there are various conditions of service that are already adjusted with a significant time lag after reaching their "trigger" point; the base/floor salary scale is being recommended for adjustment 18 months after the comparator scale is modified, a lag which will reach up to 30 months under the biennialization procedure. The Commission decided to seek certain exceptions to biennial consideration. If the Fifth Committee is not in agreement with granting such exceptions, the Federation would request it to

consider how such important, time-critical items could be handled by the parties concerned. While it might not be possible for the Commission to reduce immediately the duration of its sessions in odd-numbered years (para. 25), the effect of biennialization should also result in a rationalization of the work of the Commission in the near future. The staff representatives would have hoped that the comprehensive review of pensionable remuneration for Professional and higher category of staff would have taken place in 1994, rather than in 1996. The Federation questions the utility of this comprehensive review in light of the Commission's agreement (para. 95) to develop by 1993, in cooperation with the United Nations Joint Staff Pension Board (UNJSPB), a single scale of staff assessment for use in deriving pensionable remuneration from net remuneration for all categories of staff, a study which will definitely prejudice the following comprehensive review.

4. While understanding the wish of the General Assembly to preside over a common system of benefits and allowances for the staff of the United Nations family of organizations and the desirability from its point of view of eliminating competition among these organizations, FICSA does not think that the common system should be used as a straight-jacket that prevents agencies from using temporary, innovative means to address immediate short-term problems. Thus, FICSA is not in agreement with the decisions of the Commission presented in paragraph 43.

5. The Federation would like to note that, in presenting the comparison of pensionable remuneration and income replacement between the United Nations and the comparator (para. 49), the data do not reflect the true picture, owing to the differences in the situations and regulations prevailing on either side of the comparison. Based on United Nations JSPB statistics, the "average" Professional staff member joins the Pension Fund in his/her early forties; in the comparator, the average entry age is much lower. In the United Nations, mandatory retirement age is 60 or 62; in the comparator, there is no mandatory retirement age. While the United Nations recognizes only 35 years of contributory service, it appears that only one internationally recruited staff member has been able to contribute for this period of time; in the comparator, 40 years of contributory service is recognized. Furthermore, the comparator has a supplementary thrift plan with matching employer contributions; the United Nations has nothing of the kind. Thus, though the numbers indicate that the United Nations pensionable remuneration and income-replacement ratios are in line with those of the comparator, the actual pensions received for an "average" United Nations employee and an "average" employee of the comparator are very different.

6. FICSA considered that the pension arrangements for elected ungraded officials outside UNJSPB was a matter between the official and the organization he/she served. Hence, the Federation did not make any comment on this item (para. 69).

7. Although the basic position of the Federation on General Service pensionable remuneration is adequately reflected in paragraph 83, FICSA has prepared a more detailed analysis of various points raised during the

discussion; this paper is presented in appendix II to the present document. The Federation has severe problems with the recommendations presented in paragraphs 99 and 100; if the General Assembly accepts these recommendations as an integral part of the report of the Commission, FICSA believes that it opens itself to legal challenge on procedural grounds. The relevant article in the Fund's Regulations (art. 49) states inter alia that "the Board may recommend amendments to these Regulations to the General Assembly, which may amend these Regulations after consultation with the Board". To have "consultation" between UNJSPB and the General Assembly it must be done in good faith; in other words, no decision by the General Assembly can be taken prior to such consultation. If the Fifth Committee notes the ICSC recommendations (paras. 99 and 100), the will of the General Assembly has been expressed. Thereafter, no "in good faith" consultation can be carried out on this subject. Such violation of the rules of procedure could pave the way for legal appeals, should an administrative decision be taken based on the ICSC recommendation concerning the pensionable remuneration of General Service staff.

8. FICSA has no comment regarding the reporting (para. 108) of the margin under the current methodology for Professional salaries.

9. In recommending an increase in the base/floor scale (para. 118), the Commission is applying an agreed methodology. There was no objection to the methodology raised by any Commissioner. The Federation did note, however, that the current methodology adjusts the base/floor scale 18 months after the comparator has adopted its scale on which the base/floor salary is based. Should this item not be excluded from biennial consideration, there is a danger that the time lag would raise to 30 months. The Federation requests the Fifth Committee to consider how this adjustment could continue to be made in a timely fashion.

10. On the operation of the rental subsidy scheme (para. 122), FICSA would like to reiterate its support for a liberalization of the eligibility for staff to benefit from the scheme. The Federation would like to request the Fifth Committee to reconsider reviewing the proposals by the Commission to broaden the scheme to include staff required to change their accommodation because of a deterioration of security in the current location and force majeure situations. The paper presented to the Commission (ICSC/36/R.5) considered security only from the point of view of drug- and crime-related security; the physical security concerns of staff in the field were totally ignored in the discussion. The Commission also considered, but did not agree to, the inclusion of unreasonable rent increases linked with a resulting rent/income ratio above threshold levels as grounds for implementing the force majeure provisions of the rental subsidy scheme. However, this situation is much more frequent for field staff than the accepted grounds of conversion to cooperative/condominium, which normally happens only in one headquarters duty station.

11. The Federation supports the adoption of the new methodology for the measurement of the cost-of-living differential between New York and Washington

(para. 143). FICSA has long argued that the current methodology is inappropriate and that it should be modified. Based on the information provided to the Commission by the consultant, the proposed methodology is more appropriate to the measurement of this important statistic and, should the change be accepted, there would be no financial implication.

12. The Noblemaire principle, as currently interpreted, says that, to be able to attract the highly qualified staff required by the United Nations common system, the United Nations salary shall be compared to the salaries of the best paying national civil service. However, the best paying national civil service does not have a monolithic pay system. Instead, there are various pay systems by agency, special pay rates by occupation, premiums by location and bonuses as an integral part of salary. In deciding that it was not imperative to include those aspects of the comparator's pay system in margin calculations (para. 153), the Commission is undermining the ability of the United Nations system to attract the best staff from all countries. It is also making a mockery of the principle itself.

13. As reported in paragraphs 158 and 159, FICSA has undertaken a study of the United Nations Professional salary and pension system. This study shows how salaries and pensions have evolved since the mid-1970s at the headquarters duty stations, how they compare with members of the United Nations family that are not part of the common system as well as other international organizations which employ similar staff and perform similar functions, how the comparator salaries relate to the private sector of that country and the effect of special rates in the comparator system; it also presents an overview of the Federal Employees Pay Comparability Act of 1990. Because of the size of these volumes, copies will be provided to each Mission to the United Nations directly. Although some members of the Commission felt that the continued applicability of the current interpretation of the Noblemaire principle should be examined (para. 167), there was no decision by the Commission to undertake such an examination. However, ignoring the problem of non-competitiveness of the common system raised by FICSA, the Consultative Committee on Administrative Questions (CCAQ) and the Commission's secretariat neither solves the problem nor causes it to disappear. FICSA's proposal for a 15 per cent real increase in take-home pay throughout the common system, granted in three equal instalments before 1994, would be an overdue first step to redressing the competitiveness of Professional salaries and pensions and restoring the purchasing power that they have lost in most duty stations over the last eight years. In the light of the revised methodology for calculating the New York-Washington cost-of-living differential, this would entail suspending the margin upper boundary for only a brief period until the functioning of the Federal Employees Pay Comparability Act would raise the salaries of the comparator system to the point where the margin would again sink below 120.

14. In view of the depressed margin levels for D-1 and above and the need of the common system to attract highly competent managers to oversee the ever-increasing number and complexity of tasks being assigned to the United Nations and its agencies, FICSA believes that the CCAQ proposal for increasing

the salaries at these levels, a proposal not endorsed by the Commission (para. 176), is sound. The Federation believes that the proposal (para. 177) to introduce special occupational rates within the common system is ill-advised. It makes a mockery of the concept of equal pay for work of equal value and of the job classification system, which is intended to evaluate the worth to the agencies of each position based on its functions and responsibilities. It also introduces another layer of complexity on an already extremely complex system and would require significant administrative effort to implement. As the problem to be addressed by these special occupational rates is one of recruitment and retention, restoring the competitiveness of the salaries and pensions of Professionals, as proposed in the previous paragraph, would solve the problem without the extra complications, such as the effect on margin calculations, the effect on pensionable remuneration, deciding which occupational groups are to receive special rates, deciding when special rates are no longer needed, etc. It would also have the benefit of addressing the problem immediately, not waiting for a report to the Assembly at its forty-eighth session and action, owing to biennialization, at its forty-ninth session.

15. The recommendations of the Commission regarding the methodology for the determination of dependency allowances for the Professional and higher categories presented in paragraphs 191 and 192 are endorsed by FICSA except for the level of the secondary dependant's allowance. The current level of this allowance was set in 1977 at $300 per year. The current recommendation is to raise it to $450; this corresponds to an increase of 41¢ per day. As the secondary dependant's allowance is paid only when there is no primary dependant and the tax code of the comparator makes no distinction between people similar to primary and secondary dependency status as recognized by the United Nations, the Federation would reiterate its request (para. 183) that the allowance for secondary and primary dependants be equal.

16. FICSA has no comment on the decision of the Commission regarding the report submitted by the World Intellectual Property Organization (WIPO) on the Working Group on Professional Remuneration (para. 203).

17. FICSA also has no comment on the summary presented in paragraph 207 of the Commission's views on the conditions of service of assistant secretaries-general, under-secretaries-general and staff at equivalent levels.

18. The Federation is deeply concerned that the methodology for surveys of best prevailing conditions of employment at headquarters duty stations promulgated by ICSC will be severely detrimental to the functioning of the common system. In the light of the importance of this question, FICSA has presented its comments on the changes presented in paragraph 231 in appendix III to the present document. If the Fifth Committee shares the concerns of the staff, the Federation would request the Fifth Committee to refer the matter back to ICSC with a request to review the changes in the light of the Committee's comments.

19. While endorsing the recommendations concerning the methodology and level of the education grant (para. 252), the Federation would request that the level of the grant be reviewed biennially in a cycle that corresponds to the consideration of common system matters by the Fifth Committee.

20. Although the mobility and hardship scheme has not been allowed to operate according to its original parameters, in that the base/floor salary scale was not adjusted in line with the comparator's salary scale, the Commission has decided to report in paragraph 283 that the scheme has been meeting the objectives for which it was introduced. FICSA agrees with this assessment and would agree to a review in 1995 in the light of the short time the scheme has been in operation.

21. The views of the Federation on the report on the status of women in the United Nations system are accurately reflected in paragraph 289. Further, the Federation endorses the decisions taken by the Commission on this matter as presented in paragraphs 296 and 297.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30).

Appendix I

RESOLUTION ADOPTED AT THE EXTRAORDINARY ASSEMBLY OF REPRESENTATIVES OF STAFF OF THE UNITED NATIONS COMMON SYSTEM

(London, International Maritime Organization headquarters, 22 July 1992)

THE STAFF of the United Nations common system worldwide, represented at an Extraordinary Assembly at the International Maritime Organization in London, on Wednesday, 22 July 1992,

REITERATING their full commitment to the ideals and work of the United Nations family of organizations,

ASSERTING that the success and effectiveness of United Nations organizations can be assured only by staff meeting the highest standards of efficiency, competence and integrity as called for by Article 101 of the Charter of the United Nations,

MAINTAINING that, to ensure the recruitment and retention of such staff, the competitiveness of the conditions of service in the United Nations organizations, as embodied in the Noblemaire and Flemming principles, needs to be restored and protected,

1. STRONGLY URGE that, for staff in the General Service and related categories, the decisions to be made by the International Civil Service Commission at its present session ensure that:

1.1 No change be made to the methodology used to determine pensionable remuneration and the current and future levels of pension continue to be adjusted in accordance with yearly cost-of-living movements;

1.2 The total net remuneration, including non-pensionable elements, be used for calculating pensionable remuneration, and the entire amount be grossed up, regardless of the system used to compute staff assessment;

1.3 No change be made to the salary survey methodology which results in any deterioration, including freeze, in levels of salaries, which must be allowed to progress in line with local conditions and cost of living, specifically:

- Surveyed employers must represent a reasonable cross-section of competitive sectors;

- The minimum number of employees per employer surveyed must be maintained at 50;

- The use of the 75th percentile method must continue;

- The language adjustment factor must be retained;

- Jobs must be matched by function and post requirements only;

- Full staff participation must be ensured during all stages of salary surveys; and

- The ICSC secretariat confine itself to participating in, rather than supervising, local salary surveys.

2. FURTHER URGE that, for staff in the Professional and higher categories, the International Civil Service Commission recommend to the forty-seventh session of the United Nations General Assembly:

2.1 To restore the competitiveness of United Nations salaries and, as an initial measure, increase take-home pay throughout the common system by 15 per cent in three equal instalments, before 1994, in addition to any adjustments which may become due during that period;

2.2 To suspend, as a consequence, the operation of the margin; and

2.3 To review the place-to-place survey methodology, with the purpose of improving its functioning, and to undertake a new round of surveys to verify the parities between duty stations;

3. INSTRUCT the President of the Federation of International Civil Servants' Associations and the Vice-President of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System to present this resolution to the Chairman of the International Civil Service Commission for discussion in full session of the Commission;

4. INVITE the Chairman of the International Civil Service Commission to address the staff, meeting in an Extraordinary Assembly, on Friday, 24 July, at 1300 hours and inform them of the outcome of the Commission's deliberations on this resolution;

5. INFORM the Commission that it has instructed the Presidents of the Federation of International Civil Servants' Associations and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System to take all measures necessary of a technical, political, or staff action nature until the objectives of this resolution are achieved;

6. REQUEST the International Civil Service Commission to include the text of this resolution in its report to the forty-seventh session of the United Nations General Assembly.

Appendix II

FICSA POSITION PAPER ON THE PENSIONABLE REMUNERATION OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

Introduction

1. In 1988, the United Nations Joint Staff Pension Board (UNJSPB), following a recommendation of its Standing Committee, requested that a study of the methodology for determining the pensionable remuneration and consequent pension of General Service and related categories of staff be conducted in collaboration with the International Civil Service Commission (ICSC). The Standing Committee had made the recommendation in 1987 as a result of situations where initial local currency pensions of General Service staff were suddenly perceived as being too high in comparison with those of Professionals; these situations resulted from the deterioration of initial local currency pensions of Professional staff retiring in high-cost countries.

2. At its March 1990 session, ICSC decided to undertake, on a priority basis, the comprehensive review of the pensionable remuneration and consequent pensions of General Service staff. The Commission agreed that the review would be undertaken in close cooperation and consultation with UNJSPB.

3. From the onset, the Federation of International Civil Servants' Associations (FICSA) was among those who expressed doubts as to the need for and the usefulness of such a study, since it considered that by and large the United Nations pension system as applied to General Service staff functioned correctly and required only minor modifications to ensure that it could cope better with specific situations. However, since the decision was taken to carry out such a review, FICSA agreed to participate. It made it clear however, that it would oppose any attempt to use this study for imposing arbitrary reductions of General Service pensionable remuneration.

4. The present document concentrates on the methodology for calculating General Service pensionable remuneration, based on the existing method for establishing net remuneration.

Reason for the study

5. By resolution 46/192, the General Assembly agreed that such a study be undertaken, especially because of the divergent views reflected in the respective reports of ICSC and UNJSPB, on whether the current methodology gave rise to inconsistencies and problems. The "inconsistencies" and "problems" identified by some members of ICSC were the overlap between Professional and General Service pensionable remuneration; the perceived "inequities" of the present system, which could produce "income-inversion"; and the impact of monetary fluctuations on General Service pensionable remuneration.

6. The term "income-inversion" describes a phenomenon whereby a General Service staff member can have a higher pensionable remuneration than a colleague in the Professional category who had a higher salary during his active life. This phenomenon occurred at such time and in such duty stations where the local currency had appreciated against the United States dollar (Geneva, Rome, Vienna and Tokyo, to name only a few).

7. Although the methodology for calculating and adjusting pensionable remuneration is more or less the same for both categories, there is one major difference:

(a) For General Service staff, the level of pensionable remuneration and its adjustment are directly related to the net salary in each duty station. The monthly contributions to the United Nations Joint Staff Pension Fund (UNJSPF) are made in local currency and correspond to a percentage of pensionable remuneration as defined by UNJSPB (at present 7.9 per cent);

(b) For Professional staff the level of pensionable remuneration and its adjustment are, since April 1987, directly related to the net salary and its adjustment at the base of the system, New York. The monthly contributions to the UNJSPF are made in United States dollars and are the same regardless of the duty station. Since the post adjustment varies from one duty station to another, there is only a direct relationship between pensionable remuneration and net salary at the base of the system. This relationship gets distorted with the increase or decrease in the level of post adjustment as compared to New York. This is illustrated by tables 1 and 2 which compare the pensionable remuneration/net remuneration ratio, the corresponding pension contribution/net remuneration ratio as well as the income-replacement ratio over time and in different duty stations of General Service and Professional staff. As can be seen, these elements vary much more for Professional than for General Service staff:

(i) The pension contribution of General Service staff is generally around 10 per cent of net remuneration, while for Professionals it varies between 8 and 11 per cent;

(ii) The same holds true for the income-replacement ratio, which for the General Service varies between 50 and 64 per cent, whereas for Professionals it ranges from 48.5 to 68.4 per cent;

(iii) In Geneva, the same applies with even greater variations in the Professional category. Here the contribution rate of General Service staff is also around 10 per cent of net remuneration, while that of Professionals varies between 10.6 and 5.2 per cent, or half that of General Service. For the income-replacement ratio, that of General Service staff has gone from 61.6 to 65.9 per cent and for the Professionals from 67.7 to 33.4 per cent;

(iv) Although the salary of Professional staff was considerably higher than that of General Service, their contributions to the Fund were nearly the same.

Table 1

Pensionable remuneration, contribution to UNJSPF and income-replacement ratio as a percentage of net salary in Geneva for selected years

Date	Exchange rate	G-5/VI a/ without dependants			P-4/XII a/ with dependants		
		PR/net %	Contr./ net %	IRR %	PR/net %	Contr./ net %	IRR %
Jan. 83	1.99	134.2	9.4	62.1	116.8	8.2	54.0
Jan. 84	2.18	136.6	9.9	63.2	122.3	8.5	56.6
Jan. 85	2.58	135.9	9.8	62.9	136.5	9.9	63.1
Mar. 85	2.83	134.9	9.8	62.4	146.4	10.6	67.7
Jan. 86	2.09	135.4	9.8	62.6	116.6	8.4	53.9
Jan. 87	1.63	135.3	9.8	62.6	93.9	6.8	43.4
Jan. 88	1.29	135.3	9.8	62.6	72.2	5.2	33.4
Jan. 89	1.51	136.4	10.2	63.1	91.6	6.8	42.4
Jan. 90	1.53	139.5	10.5	64.5	95.4	7.2	44.1
Jan. 91	1.27	142.6	11.2	65.9	83.0	6.5	38.4
Jan. 92	1.42	133.1	10.5	61.6	96.4	7.6	44.6

Source: FICSA, compounded from official statistics.

IRR - income-replacement ratio.

a/ With 25 years of contributory service.

Table 2

Pensionable remuneration, contribution to UNJSPF and income-replacement ratio as a percentage of net salary for a G-5, step VI, and a P-4, step XII, with 25 years of contributory service in eight headquarters duty stations as of 1 February 1992

Duty stations	Post adj. multiplier	PR as % of net remuneration		Contribution to UNJSPF as % of net remuneration		IRR	
		GS	P	GS	P	GS	P
Geneva	91.0	133	105	10.5	8.29	61.6	48.5
Montreal	39.6	129	144	10.2	11.3	59.2	68.2
London	68.2	133	119	10.5	9.4	61.6	56.6
New York	53.6	135	130	10.7	10.3	62.6	62.0
Paris	67.4	131	120	10.3	9.5	60.6	56.9
Rome	60.4	139	125	10.9	9.9	64.3	59.4
Vienna	68.8	135	119	10.6	9.4	62.3	56.4
Washington	39.2	131	144	10.6	11.4	60.7	68.4

Source:

FICSA from official statistics.

IRR - income-replacement ratio.

This is entirely due to exchange rate fluctuations. After the introduction on 1 April 1992 of the new adjustment system of initial local currency pensions for Professional staff, this situation has been redressed.

Decisions/recommendations by the General Assembly, the International Civil Service Commission and the United Nations Joint Staff Pension Board

8. At their February and March 1991 sessions respectively, the Board and the Commission examined a note prepared jointly by their two secretariats as reviewed and revised by the Joint Preparatory Working Group established by the

two bodies. FICSA participated in this working group and subsequently submitted a position paper on the pensionable remuneration and consequent pensions of Staff in the General Service and related categories to ICSC at its thirty-third session (ICSC/33/R.8/Add.4). Further reports were considered by the Commission and the Board at their July and August sessions respectively. No agreement was reached at the Board either on retaining the existing methodology or supporting an alternative one. The Board therefore suggested to the Commission that, pending study of alternative methodologies, the current one should continue to apply, subject to the review of the current staff assessment rates.

9. As regards the future programme of work, the Board suggested studies of (a) the feasibility of determining General Service pensionable remuneration and consequent pensions by reference to the best prevailing practices in each locality; (b) the income-replacement approach; (c) the "band approach" or (d) direct application of local tax rates to derive gross salaries and, hence, pensionable remuneration from the net pensionable salaries.

10. The Board also indicated its intention to consider further, in conjunction with the study of alternative methodologies, (a) the current definition of General Service pensionable remuneration; (b) minimum pensions; (c) the procedures for determining the final average remuneration (FAR); (d) the adjustment of pensions in countries with high inflation rates; and (e) pension entitlements of internationally recruited General Service staff.

11. At its August 1991 session, ICSC concluded that:

(a) For the present, the Commission would bring to the attention of the General Assembly the scope of the problems and the complexities involved;

(b) The secretariats of ICSC and of UNJSPB would undertake a study of the local practices as regards pensions;

(c) Concurrently with (b) above, the two secretariats would collect all relevant data concerning the introduction of the income-replacement approach in conjunction with local taxes for consideration by the Commission and by the Board in 1992;

(d) A progress report on the study in (b) above would be submitted to the Commission at its spring 1992 session. On the basis of that progress report the Commission would decide on the advisability of pursuing the local practice approach;

(e) On the basis of the final reports from the two secretariats concerning the studies outlined in (b) and (c) above and in close cooperation and consultation with the Board, the Commission would formulate its final recommendations concerning the methodology to determine the pensionable remuneration and consequent pensions of General Service and related categories of staff, for submission to the General Assembly at its forty-seventh session.

12. This phased approach was accepted by the General Assembly in 1991.

13. At its thirty-fifth session, the Commission considered a document on various methodologies for determining the pensionable remuneration for General Service staff, jointly prepared by the two secretariats and decided that, for its analysis, a working group of three of its members, three nominated by the organizations and two each by the Coordinating Committee for Independent Staff Unions and Associations (CCISUA) and FICSA be established. It also defined the terms of reference of this working group.

14. The Group met in New York from 18 to 23 May 1992. Its report was submitted to the Board in June 1992 and to the ICSC at its July 1992 session (ICSC/36/R.12). FICSA participated in this working group exclusively to identify, in a technically sound and objective manner, the advantages and disadvantages of the different options selected by ICSC.

Pension system

15. As expressed by the Expert Group on Pensionable Remuneration, set up in 1958 by the Administrative Committee on Coordination (ACC):

> "... the principle underlying any comprehensive retirement scheme is that it should be such as to guarantee to participants reaching the age of retirement a benefit on which they may support themselves under conditions not too markedly different from those enjoyed during their closing years of service."

16. The basic element for determining the pensionable remuneration of General Service staff is the net salary, to which staff assessment is applied. The issue of overlapping in salary scales, as well as of gaps between General Service and Professional scales, are irrelevant to a review of pension benefits, since such benefits can be computed only from actual salaries and certainly not from what they should or might be.

Which system to choose?

17. Two systems can be considered: a universal one like the present system or one based on local conditions. While from a theoretical point of view the latter seems appealing, it will in practice be very difficult to apply. A national system is extremely sensitive to the economic and political situation in the country concerned. The instability and sharp inflation that are witnessed in many countries endanger the efforts made by workers to obtain a reasonable level of pension. Moreover, in some countries there is no pension system or, if it exists, the countries cannot ensure that the pension scheme can offer adequate pensions and cope with galloping inflation. To these disadvantages should be added that the pension scheme should reflect the situation found in the employers retained for salary surveys. However, these employers, or part of them, can change from one survey to another, thus affecting the pension of staff in that locality. In addition, employers, for reasons of their own or to comply with local legislation, change their pension

schemes over time. In this connection it should be noted that, to be viable, a pension scheme should be stable. The United Nations has up to now guaranteed this stability in their pension scheme. It would be regrettable if the fundamental principle to guarantee to staff an adequate and stable pension, which is not affected by the socio-economic situation of the country where they happen to work, was endangered by short-sighted political decisions. In addition, as such a system would vary from country to country, it would not be possible to ensure that staff in the different duty stations receive the same social security coverage.

18. As to the universal system, it is the one we have now, based on a single currency, the United States dollar. It functions well and ensures pension benefits which bear a direct relationship to the net salary before retirement and therefore ensures equitable pensions as far as General Service and related categories of staff are concerned (see ICSC/33/R.8/Add.4).

Review of the options retained by the International Civil Service Commission

(a) Tax factor to be used

19. Initially, the pensions of General Service staff were based on net salaries, but, as countries were taxing these pensions, a notion of "half-gross" was introduced in 1960 and "full-gross" from 1965 onwards. This methodology forms the core of a system applicable to all General Service staff, irrespective of their place of work.

Dollar-based staff assessment rates

20. Under the current methodology, the starting point for determining pensionable remuneration of General Service staff is their net base salary, established in accordance with the best prevailing employment conditions in each locality. The net salary is then grossed-up through reverse application of dollar-based staff assessment rates derived from the average of tax rates of several duty stations (at present 25).

21. It is a universal system based on averages and will therefore advantage some and disadvantage others. Up to now the results obtained can be considered as acceptable, although inflation and monetary fluctuations may have an impact on the level of pensions. But these problems are confined to certain countries and should be looked at in each specific case. In its position paper (ICSC/33/R.8/Add.4), FICSA outlined possible solutions to these problems. The Federation therefore maintains that the basic system is sound and should be retained. Table 3 illustrates this position. It shows that the net ratios are very close to those described "reasonable" by the General Assembly, i.e. 46.25 per cent of net salary after 25 years of service (see also table 9 for income-replacement ratios in 15 duty stations from 1985 to 1992 for a G-5, step VI, retiring at age 60 after 25 years of contributory service, calculated either with the current exchange rate or the 36-month average).

Table 3

Monthly net and gross pension in local currency for a G-5/VI retiring at age 60 with 25 years of contributory service and corresponding net salary at the beginning of the month of retirement

Specifications	Geneva	London	Montreal	New York	Paris	Rome	Vienna	Washington
January 1990								
Net salary (LC)	5 186	1 001	1 856	2 419	16 394	3 131 083	29 341	1 766
Gross pension (LC)	3 165	523	1 043	1 365	8 589	1 733 986	15 995	972
Net pension (LC)	2 443	418	836	1 084	6 795	1 377 999	12 711	781
* Tax rate %	22.8	20.0	19.8	20.57	20.89	20.53	20.53	19.60
IRR gross pension %	61.0	52.2	56.2	56.4	52.4	55.4	54.5	55.1
IRR net pension %	47.1	44.0	45.0	44.8	41.4	44.0	43.3	44.2
January 1991								
Net salary (LC)	5 905	1 285	1 949	2 561	17 146	4 013 167	30 529	1 968
Gross pension (LC)	3 345	607	1 083	1 443	9 201	1 962 696	17 606	1 032
Net pension (LC)	2 620	482	872	1 143	7 214	1 542 679	13 907	830
* Tax rate %	22.68	20.12	19.50	20.78	21.60	21.40	21.01	19.77
IRR gross pension %	56.6	47.2	55.6	56.3	53.7	48.9	57.7	52.5
IRR net pension %	44.4	37.5	44.7	44.6	42.1	38.4	45.5	42.2
January 1992								
Net salary (LC)	6 147	1 346	2 037	2 661	17 840	4 204 583	31 259	2 035
Gross pension (LC)	3 657	709	1 142	1 529	9 881	2 281 411	18 823	1 112
Net pension (LC)	2 824	537	918	1 209	7 737	1 785 660	14 500	890
* Tax rate %	22.77	20.50	19.75	20.95	21.70	21.73	21.37	20.00
IRR gross pension %	59.5	52.7	56.1	57.5	55.4	54.3	60.2	54.6
IRR net pension %	45.9	39.9	45.1	45.4	43.4	42.5	47.3	43.7

Source: FICSA. Data derived or computed from those published in official sources, i.e., organizations of the United Nations system in the duty stations concerned.

* Staff assessment rate for General Service and related categories as of 1 January 1992.

IRR Income-replacement ratio: gross or net pension as a percentage of net salary.

LC Local currency.

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22. The methodology used for establishing the staff assessment rates for General Service staff is similar to that used for the Professional category. The two major differences concern: (a) the number of countries retained to calculate the staff assessment (the seven headquarters duty stations for the Professional category and 25 for the General Service) and (b) the period over which the exchange rate is averaged (12 months for the Professional category and 36 months for the General Service). To limit the differences created by using two different scales future revisions of the scales for both categories should take place at the same time, using the same averaging period (12 or 36 months).

23. The newest staff assessment scale for General Service staff has produced higher rates of pensionable remuneration at low-income levels but much lower ones at higher levels. This has been most pronounced in high cost-of-living duty stations, where it has reduced the pensionable remuneration by more than 7 per cent (Geneva, Rome, Tokyo, Vienna). It should also be noted that this scale has an abnormally low progressivity, e.g. for a net salary of $10,000, the rate is around 20 per cent and for $80,000 only around 26.5 per cent. In most industrialized countries the taxation progressivity is much higher. FICSA is convinced that the progressivity of the new General Service staff assessment scale has been reduced to lower the pension at higher-income levels in that category.

24. The present system has the advantage of maintaining a close relationship between gross salary (derived from net salary) and pension, which is fundamental to all social security systems throughout the world and therefore, the methodology used for calculating the pension is, mutatis mutandis, similar to that used in all countries.

Use of local tax rates

25. This approach has the advantage of reflecting very closely local conditions, a feature which is important for social benefits such as pensions. Furthermore, it is easy to understand. However, it would be a departure from the universal concept and escape therefore the control of the common system.

26. On the other hand, this methodology would not be common to both categories of staff. It would be affected by local socio-economic conditions and political changes, which could result in drastic changes; it would be administratively burdensome, as it would have to be calculated and maintained for more than 150 duty stations; it will not be readily applicable in those duty stations where there is no well-developed taxation system and could therefore be subject to important modifications to follow national developments; it would have to be adjusted frequently to avoid large fluctuations in pensionable remuneration from one survey to another; it would not solve the problem of decreasing dollar pensions in soft-currency countries and finally, it would not be applicable to internationally recruited General Service staff.

27. Although this system can be an attractive solution for certain duty stations, FICSA is of the opinion that the advantages it offers are largely outweighed by the problems it creates. As far as the so-called "income-inversion" is concerned, this system would aggravate rather than eliminate this phenomenon.

28. FICSA does therefore not at present support this methodology but is ready to re-examine it in the light of detailed information for all duty stations concerned.

Outside surveyed gross salary data

29. This method is also based on outside local taxation. It is also very near to local conditions and should therefore be considered. It would however present the same problems as those mentioned in paragraph 26. In addition, outside gross salaries sometimes exclude elements which, in the United Nations system, are always considered as pensionable. It is well known that employers try to exclude as many elements as possible from salary to reduce their social charges. An analysis of the elements included in or excluded from outside gross salaries would therefore have to be made in each duty station; local tax rates would have to be used to compute the corresponding net salary or to include in the local pensionable remuneration elements which were excluded by the employers but which should be pensionable according to general social security principles.

30. With no data at hand, it was not possible to assess if and how this method would address the problems faced in countries with high inflation.

The band approach

31. The band approach, which has been proposed by the Consultative Committee on Administrative Questions (CCAQ), is a universal system which presents a number of advantages: it is closer to actual taxation rates in each individual country than the present system; it could be applied to headquarters as well as non-headquarters duty stations; it would automatically take into account inflation, as an increase in net salary would result in an identical increase in gross remuneration; it would not be affected by exchange rates; it would avoid undercompensating staff at high levels in low-income countries and over-compensating staff at low levels in high-income countries.

32. However, as all averages, it will advantage some and disadvantage others. Furthermore, it will not address the problem of decreasing dollar pensions encountered in countries with high inflation or strong depreciation of the local currency.

33. Nevertheless, this alternative could be interesting and its application should be studied further.

Conclusion on tax factor to be used

34. While FICSA does not feel that the local taxation methodology (use of local tax rates, outside surveyed gross salary data) can be applied, the potential of the band approach should be further investigated. In the meantime, the present system should be retained.

(b) Portion of net remuneration retained for calculating pensionable remuneration

35. In practically all countries, including the comparator for the Professional category, the pension is based on total gross salary. This is also the case in all other international organizations outside the common system. In the United Nations system, the basis for calculating pensionable remuneration is the net salary, which is grossed up by reverse application of the tax factor. Therefore, it is the total net remuneration which should be taken into consideration to arrive at the pensionable remuneration.

36. The application to the General Service category of income-replacement rates derived from partial grossing up of net salary, whichever the tax factor used (the United States dollar-based staff assessment method, the band approach or the local tax method) will have to be based on an arbitrarily chosen length of service and will therefore undercompensate staff with more years of service than the chosen average. Even if the maximum length of service was used (i.e. 35 years), this approach would still represent a step backwards towards the so-called "half-gross" methodology, which was considered inadequate as early as 1965. The only aim of such a partial grossing-up procedure is to reduce arbitrarily pensionable remuneration and consequent pensions. Such a methodology is open to all kinds of future manipulations and is inconsistent with all social security principles and practices.

37. FICSA strongly opposes any departure from the present methodology and any attempt to take into account only part of net remuneration for grossing up purposes. A departure from this principle would be seen as a deliberate decision to lower the pensions of General Service staff with no technical justification whatsoever.

38. FICSA is totally against the specific approach of using predetermined income-replacement ratios, for the reasons given below.

Income-replacement approach

39. This method was introduced in 1987 as the basis for determining the pensionable remuneration of staff in the Professional and higher categories and is described in document ICSC/36/R.11. It takes into account only part of the net remuneration for grossing-up purposes and has led to unacceptably low levels of pensionable remuneration and consequent pensions for the Professional category. Table 4 shows that the level of pensionable remuneration in the United Nations is on average more than 8 per cent lower than in the United States civil service, while it should at least be as high.

The failings of the income replacement approach used for the Professional category would therefore automatically be projected to the General Service staff.

40. Two reasons were given for studying this method: the salary overlap between the Professional and the General Service categories and the perceived "inequities" created by income-inversion, i.e. different levels of pensionable remuneration for identical levels of net remuneration.

41. The use of staff assessment calculated with criteria specific to each category and at different dates will inevitably create differences which, according to the level of net remuneration and the date at which it became operational, may produce higher pensionable remuneration in favour of one category or the other. The staff assessment rates used for the Professional category are not directly comparable to those used for the General Service, since the former refer to officials with dependants and the latter to officials without dependants (see for example document ICSC/36/R.11). A correct comparison can be made only between the income-replacement ratios for single staff in both categories. Comparing staff with dependants in both categories would not be correct owing to the social component of the General Service dependency allowance. One should however not forget that the decision to use two different scales was made on purpose to take into account the specificity of the two categories of officials and the ensuing differences can therefore <u>not</u> be considered as "inequities".

42. From a technical point of view, the pension system for the Professional category is designed to provide the same level of pension in United States dollars whatever the place of retirement; the level of this pension is determined by the level of net salary in New York. Therefore the income-replacement ratio varies from place to place according to the difference in post adjustment between the base city and the locality concerned. Table 5 shows that the income-replacement ratio for a P-1, step I, with dependants and 25 years of contributory service varied in March 1992 between 73 and 49 per cent. For 35 years of contributory service, the percentage varies between 105 and 70 per cent. Table 6 shows the distribution of countries and/or areas by multiplier range (New York being at present at level 45). To apply this system to the General Service category as described in document ICSC/36/R.11 will inevitably introduce inequities between duty stations that are much more pronounced than in the present system.

43. Furthermore, this approach is very sensitive to monetary fluctuations as is clearly shown in the example given in table 7 for Geneva, London, Paris, Rome and Vienna. This table is based on the situation of a P-4, step XII, but the results would be similar for any other grade.

44. Finally, this method is based on a single comparator and is therefore influenced by political decisions taken in that country as regards taxation.

45. FICSA is therefore strongly opposed to the adoption of such a methodology, which has no technical justification, would introduce inequities and would transform the pension system into a lottery.

Table 4

Pensionable remuneration and consequent pension of staff in the Professional and higher categories in the United Nations system and for corresponding levels in the United States Federal Civil Service according to comparable levels of net remuneration

	United Nations				United States Federal Civil Service				US/UN
Grade & step	Net 1/ 2/ remuneration $	Gross 1/ remuneration $	Pension 3/ benefit $	IRR 4/ %	Net 5/ equivalent $	Gross 6/ remuneration $	Pension 3/ 5/ benefit $	IRR 7/ %	Difference 8/ in IRR
P-1/V	38 147	41 714	19 293	50.58	38 306	45 877	21 218	55.39	+ 9.5
P-2/VII	49 471	55 969	25 886	52.33	49 728	60 791	28 116	56.54	+ 8.0
P-3/VI	57 823	66 895	30 939	53.51	57 890	71 451	33 046	57.08	+ 6.7
P-4/II	62 740	72 975	33 751	53.80	62 676	79 481	36 760	58.65	+ 9.0
P-4/VI	65 405	76 633	35 443	54.19	65 815	83 479	38 609	58.66	+ 8.2

1/ As of May 1992.

2/ In New York.

3/ 46.25 per cent of gross or pensionable remuneration, corresponding to 25 years of contributory service.

4/ Income replacement ratio. Ratio between columns 3 and 1.

5/ Remuneration of the Professional and higher categories: monitoring of pensionable remuneration. Note by the ICSC secretariat (document ICSC/34/R.3).

6/ Computed by FICSA. Ratio between pension benefit in column 7 and 0.4625.

7/ Income-replacement ratio. Ratio between columns 7 and 5.

8/ Income-replacement ratio. Ratio between columns 8 and 4.

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Table 5

Income-replacement ratio for a P-1/I with dependant according to the level of post adjustment in the country or area of retirement and years of contributory service, selected dates

Dates	Multiplier				
	0	15	30	40	50
1 July 1990					
Net salary a/	20 970	24 116	27 261	29 358	31 455
PR a/	33 769	33 769	33 769	33 769	33 769
IRR b/ 25 years	74.48	64.76	57.29	53.20	49.65
30 years	90.58	78.76	69.67	64.70	60.38
35 years	106.69	92.76	82.06	76.21	71.12
1 November 1991					
Net salary a/	22 018	25 321	28 623	30 825	33 027
PR a/	36 919	36 919	36 919	36 919	36 919
IRR b/ 25 years	77.55	67.43	59.65	55.39	51.70
30 years	94.32	82.01	72.55	67.37	62.88
35 years	111.09	96.59	85.44	79.34	74.06
1 March 1992					
Net salary a/	23 339	26 840	30 341	32 675	35 009
PR a/	36 919	36 919	36 919	36 919	36 919
IRR b/ 25 years	73.16	63.62	56.28	52.26	48.77
30 years	89.78	77.38	68.45	63.56	59.31
35 years	104.80	91.13	80.62	74.86	69.86

a/ Official data.

b/ Accumulation rates as of 1 January 1983.

For an official retiring at age 60 after 25, 30 and 35 years of contributory service, a pension corresponding to 46.25 per cent, 56.25 per cent or 66.25 per cent of final average remuneration (FAR) will be received. For simplification, the pensionable remuneration (PR) at the date concerned was used instead of the FAR.

Table 6

Countries and/or areas by level of multiplier

(February 1992)

Level of the multiplier	Countries and/or areas	
	Number	Per cent
Below 7.5	13	7.2
7.5-22.5	53	29.3
22.5-35.0	42	23.2
35.0-45.0	16	8.8
45.0-55.0	24	13.3
55 and over	33	18.2
Total	181	100.0

Source: ICSC historical data report (ICSC 60-2-1), 27 April 1992.

Table 7

Predeterminated income-replacement ratios

Case of a P4 step 12 with dependants and 25 years of contributory service.
(January 1985 - February 1992)

		Geneva		London		Montreal		New York		Paris		Rome		Vienna		Washington	
		36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate
1985	Jan	$2.93	63.12	$5.62	71.41	68.14	71.41	$7.96	$7.96	$7.85	71.97	67.27	83.38	$8.29	69.27	60.64	60.64
	Feb	$3.13	64.89	$5.95	73.69	67.82	71.41	$7.96	$7.96	$7.73	71.97	66.90	83.38	$8.37	70.32	60.64	60.64
	Mar	$2.96	67.75	$5.97	74.88	67.13	73.10	$7.96	$7.96	$7.96	74.88	65.39	86.28	$7.96	71.97	60.64	60.64
	Apr	$4.49	64.44	$6.67	67.75	67.37	73.10	$7.96	$7.96	$9.76	71.41	66.59	82.69	$0.12	69.27	60.64	60.64
	May	$4.97	64.44	$9.23	67.75	68.07	73.10	$7.96	$7.96	$0.47	71.41	66.46	82.69	$9.49	69.27	60.64	60.64
	Jun	$5.70	63.56	$9.79	67.75	67.78	73.10	$7.96	$7.96	$1.20	71.41	67.27	82.69	$0.54	69.27	60.64	60.64
	Jul	$6.10	62.69	$0.72	65.82	68.39	73.10	$7.96	$7.96	$2.72	71.41	67.19	79.38	$0.94	69.27	60.64	60.64
	Aug	$7.67	$7.96	$1.97	$1.04	69.03	73.10	$7.96	$7.96	$4.48	$8.25	$8.66	76.75	$3.40	$5.82	60.64	60.64
	Sep	$7.80	$7.96	$1.30	$4.89	69.21	73.10	$7.96	$7.96	$5.66	$6.77	$8.29	78.04	$4.21	$4.44	60.64	60.64
	Oct	$8.52	$5.87	$2.52	$1.44	69.39	73.10	$7.96	$7.96	$6.81	$4.89	$0.51	73.10	$2.04	$2.69	60.64	60.64
	Nov	$8.78	$4.88	$3.16	$0.24	$8.58	73.10	$7.96	$7.96	$6.90	$4.00	$0.50	73.10	$2.20	$2.69	$8.71	$8.71
	Dec	$9.11	$3.92	$3.83	$9.09	69.41	74.28	$7.96	$7.96	$7.79	$1.85	$1.78	$1.41	$7.51	$1.44	$8.71	$8.71
1986	Jan	$9.18	$3.92	$3.38	$0.24	69.63	74.28	$7.96	$7.96	$8.02	$1.85	$2.19	$1.41	$8.37	$1.44	$8.71	$8.71
	Feb	$9.80	$2.39	$2.89	$1.44	69.53	75.49	$7.96	$7.96	$8.63	$9.85	$3.42	$8.75	$9.70	$9.09	$8.71	$8.71
	Mar	$0.71	$9.32	$3.77	$8.34	70.77	75.49	$7.96	$7.96	$0.17	$6.21	$5.14	$4.44	$0.88	$6.36	$8.71	$8.71
	Apr	$9.79	$1.51	$3.26	$9.09	71.01	75.49	$7.96	$7.96	$9.17	$8.71	$3.91	$7.25	$9.86	$7.61	$8.71	$8.71
	May	$0.79	$8.54	$4.23	$6.36	70.60	74.28	$7.96	$7.96	$9.81	$7.26	$5.08	$4.00	$0.69	$5.54	$8.71	$8.71
	Jun	$9.99	$0.12	$3.77	$7.96	71.33	74.28	$7.96	$7.96	$8.91	$9.47	$4.04	$5.82	$9.54	$7.61	$8.71	$8.71
	Jul	$0.47	$8.28	$3.81	$7.96	71.04	74.28	$7.96	$7.96	$9.35	$8.71	$4.21	$4.89	$0.23	$6.36	$8.71	$8.71
	Aug	$0.96	$5.66	$3.84	$7.96	71.26	74.28	$7.96	$7.96	$9.32	$7.61	$5.01	$2.27	$1.03	$4.88	$8.71	$8.71
	Sep	$9.56	$3.84	$3.67	$7.83	72.18	$5.00	$7.96	$7.96	$9.35	$5.81	$5.09	$1.04	$0.38	$2.51	$8.71	$8.71
	Oct	$9.20	$3.84	$3.47	$9.93	72.41	$5.00	$7.96	$7.96	$9.07	$5.81	$4.21	$1.12	$9.93	$2.51	$8.71	$8.71
	Nov	$8.71	$4.52	$3.12	$0.80	72.63	$5.00	$7.96	$7.96	$8.39	$5.81	$3.97	$0.24	$9.51	$2.51	$8.71	$8.71
	Dec	$8.34	$4.52	$3.89	$0.72	72.86	$5.00	$7.96	$7.96	$8.82	$5.07	$6.48	$9.47	$9.02	$2.51	$8.71	$8.71
1987	Jan	$8.26	$3.43	$4.14	$9.47	73.07	$5.00	$7.96	$7.96	$8.74	$4.36	$6.07	$9.47	$8.99	$1.80	$8.71	$8.71
	Feb	$8.68	$0.64	$4.89	$7.40	73.97	$3.57	$7.96	$7.96	$9.25	$1.98	$4.46	$5.14	$0.57	$8.16	$8.71	$8.71
	Mar	$7.93	$1.26	$4.83	$7.40	$4.66	$3.57	$7.96	$7.96	$8.43	$1.98	$3.58	$6.28	$9.46	$9.00	$8.71	$8.71
	Apr	$4.86	$9.39	$2.92	$3.44	$2.36	$9.65	$5.85	$5.85	$5.91	$0.07	$0.50	$4.22	$5.10	$5.61	$6.56	$6.56
	May	$4.43	$8.18	$3.03	$2.37	$0.93	$9.76	$5.85	$5.85	$5.72	$9.40	$0.09	$4.22	$4.47	$5.24	$6.56	$6.56
	Jun	$3.84	$8.91	$2.03	$2.43	$0.47	$9.76	$5.85	$5.85	$5.16	$9.40	$9.65	$4.22	$3.83	$5.61	$6.56	$6.56
	Jul	$3.24	$8.91	$2.11	$3.44	$0.53	$9.76	$5.85	$5.85	$4.29	$0.07	$8.47	$4.28	$3.07	$6.27	$6.56	$6.56
	Aug	$2.52	$9.64	$1.00	$3.44	$0.56	$9.76	$5.85	$5.85	$3.57	$0.64	$7.53	$5.36	$2.26	$6.91	$6.56	$6.56
	Sep	$1.74	$8.51	$0.79	$2.37	$1.21	$9.33	$5.85	$5.85	$2.57	$9.68	$6.85	$4.22	$1.31	$5.66	$6.56	$6.56
	Oct	$0.98	$9.22	$0.33	$2.37	$9.59	$7.23	$5.85	$5.85	$2.03	$9.68	$6.19	$4.22	$0.41	$5.99	$6.56	$6.56
	Nov	$0.43	$7.07	$0.41	$0.01	$9.59	$7.23	$5.85	$5.85	$1.58	$9.02	$6.06	$2.43	$9.69	$3.99	$6.56	$6.56
	Dec	$9.76	$5.11	$0.59	$8.44	$9.59	$7.23	$5.85	$5.85	$1.40	$7.25	$5.71	$1.11	$8.96	$1.64	$6.56	$6.56

Table 7 (continued)

1988	Jan	49.01	33.42	60.26	46.96	70.11	67.23	$5.85	$5.85	61.15	45.61	65.07	$0.41	$8.03	40.29	$6.56	$6.56
	Feb	47.94	34.89	$8.56	48.76	68.06	64.32	$5.85	$5.85	$9.65	46.96	63.65	$1.40	$6.77	42.31	$6.56	$6.56
	Mar	46.80	35.84	$7.71	48.76	68.99	64.32	$5.85	$5.85	$8.33	47.56	62.66	$1.40	$5.56	42.97	$6.56	$6.56
	Apr	45.91	35.84	$7.81	47.10	67.54	61.65	$5.85	$5.85	$7.96	47.51	61.78	$1.40	$4.65	42.31	$6.56	$6.56
	May	45.01	35.84	$7.29	46.86	67.36	61.65	$5.85	$5.85	$6.88	47.51	60.52	$1.11	$3.62	42.31	$6.56	$6.56
	Jun	45.83	38.26	$8.55	48.89	69.78	64.05	$6.26	$6.26	$6.83	48.89	60.42	$3.22	$4.61	45.03	$8.76	$8.76
	Jul	44.90	40.25	$7.26	$2.32	69.83	62.75	$6.26	$6.26	$5.38	$1.33	$9.22	$4.28	$3.41	47.43	$8.76	$8.76
	Aug	$4.29	41.00	$7.12	$1.67	68.25	61.50	$6.26	$6.26	$3.96	$1.39	$7.75	$5.72	$2.60	48.48	$8.76	$8.76
	Sep	43.57	41.89	$6.58	$3.10	67.83	62.32	$6.26	$6.26	$3.39	$2.14	$7.06	$6.67	$1.93	48.84	$8.76	$8.76
	Oct	43.12	41.89	$6.28	$3.10	68.19	62.32	$6.26	$6.26	$2.93	$2.49	$6.59	$7.02	$1.26	48.84	$8.76	$8.76
	Nov	42.91	40.01	$6.19	50.88	68.16	61.50	$6.26	$6.26	$2.72	$0.32	$6.34	$4.03	$0.70	46.76	$8.76	$8.76
	Dec	42.54	38.51	$6.03	49.04	67.88	61.50	$6.26	$6.26	$2.44	48.78	$6.00	$2.73	$0.27	45.03	$8.76	$8.76
1989	Jan	44.15	42.35	$8.42	$3.06	71.13	64.69	$6.77	$6.77	$4.67	$2.88	$8.40	$6.11	$2.22	49.24	61.82	61.82
	Feb	43.55	44.31	$7.97	$3.94	71.38	64.69	$6.77	$6.77	$4.22	$4.79	$7.85	$8.06	$1.68	$0.68	61.82	61.82
	Mar	43.52	43.40	$7.71	$3.94	70.48	64.69	$6.77	$6.77	$4.16	$4.24	$7.68	$8.06	$1.40	$0.68	61.82	61.82
	Apr	42.79	45.68	$7.27	$5.92	70.17	64.69	$6.77	$6.77	$3.86	$5.35	$7.27	$8.19	$1.00	$1.76	61.82	61.82
	May	45.00	48.20	$7.64	$6.14	71.17	65.34	$7.33	$7.33	$6.80	$7.96	$8.96	60.43	$3.67	$4.30	65.34	65.34
	Jun	43.58	49.64	$7.17	60.29	69.73	65.34	$7.33	$7.33	$6.24	61.73	$7.64	62.26	$1.96	$6.82	65.34	65.34
	Jul	43.90	47.84	$6.92	60.29	69.45	65.34	$7.33	$7.33	$6.26	60.43	$7.48	61.36	$1.92	$5.78	65.34	65.34
	Aug	44.01	46.56	$6.97	$7.20	69.16	65.34	$7.33	$7.33	$6.33	$8.37	$7.78	$8.97	$2.51	$3.74	62.56	62.56
	Sep	43.86	47.84	$5.79	$8.44	69.31	64.12	$7.33	$7.33	$6.10	60.00	$6.88	60.64	$1.63	$5.72	62.56	62.56
	Oct	43.92	47.05	$5.74	$7.65	68.96	64.12	$7.33	$7.33	$6.16	$8.77	$6.85	$9.38	$1.73	$3.91	62.56	62.56
	Nov	43.92	46.25	$4.97	$8.44	68.67	64.12	$7.33	$7.33	$6.25	$7.59	$6.92	$8.24	$1.72	$2.42	62.56	62.56
	Dec	43.86	46.25	$4.45	$8.50	68.92	64.12	$7.33	$7.33	$6.22	$6.39	$7.22	$7.27	$1.61	$1.27	62.56	62.56
1990	Jan	43.98	44.14	$4.51	$6.64	66.92	62.56	$7.33	$7.33	$6.39	$3.13	$7.21	$6.02	$1.68	48.70	62.56	62.56
	Feb	44.80	43.80	$5.57	$5.82	66.52	64.01	$5.82	$5.82	$7.31	$3.81	$8.40	$5.64	$2.52	49.16	63.62	63.62
	Mar	44.77	43.80	$5.41	$5.52	65.77	64.01	$5.82	$5.82	$7.21	$3.81	$8.35	$5.64	$2.41	49.16	61.02	61.02
	Apr	44.74	43.80	$4.29	$6.97	65.90	63.24	$5.82	$5.82	$7.03	$4.20	$7.92	$5.70	$2.30	49.95	61.02	61.02
	May	44.81	43.01	$4.32	$6.97	65.96	62.48	$5.82	$5.82	$5.44	$1.83	$6.20	$3.04	$2.26	49.16	61.02	61.02
	Jun	44.84	41.64	$3.70	$3.48	64.63	62.48	$5.82	$5.82	$3.41	$1.53	$6.12	$2.41	$2.16	49.16	61.02	61.02
	Jul	45.24	42.09	$3.73	$2.43	64.23	61.80	$5.85	$5.85	$5.49	$1.71	$6.20	$2.57	$2.38	49.06	60.80	60.80
	Aug	45.40	40.66	$4.05	$0.01	64.36	60.62	$5.85	$5.85	$5.31	$0.50	$6.44	$1.45	$2.56	48.14	60.80	60.80
	Sep	45.36	39.20	$3.96	48.03	63.80	59.83	$5.85	$5.85	$5.71	48.37	$6.36	49.83	$2.54	46.20	60.80	60.80
	Oct	45.19	39.20	$3.62	49.30	63.45	60.27	$5.85	$5.85	$5.38	48.83	$6.06	$0.36	$2.27	46.56	60.80	60.80
	Nov	45.07	39.20	$3.60	47.59	62.86	60.96	$3.11	$3.11	$5.35	47.31	$6.07	49.24	$2.21	44.99	60.80	60.80
	Dec	45.07	38.36	$3.60	47.04	62.66	60.96	$3.11	$3.11	$5.22	46.86	$6.01	48.43	$2.17	44.21	$8.22	$8.22
1991	Jan	45.06	38.36	$0.50	45.73	59.80	$8.39	$3.11	$3.11	$2.54	45.99	$5.57	48.14	$2.00	45.38	$8.22	$8.22
	Feb	44.99	38.36	$0.54	44.84	59.63	$8.39	$3.11	$3.11	$2.65	48.13	$5.42	48.14	$1.97	44.21	$8.22	$8.22
	Mar	47.10	41.49	$2.84	48.07	62.59	60.92	$5.81	$5.81	$4.94	48.52	$8.06	$1.23	$4.38	47.30	61.19	61.19
	Apr	46.59	45.37	$2.38	$1.75	62.48	60.92	$5.81	$5.81	$4.33	$2.34	$7.36	$6.42	$3.50	$2.20	61.19	61.19
	May	46.44	46.39	$2.31	$4.05	62.36	60.92	$5.81	$5.81	$6.03	$4.62	$7.26	$7.60	$3.46	$3.42	61.19	61.19
	Jun	46.69	45.67	$2.57	$2.40	62.24	60.92	$5.81	$5.81	$4.26	$3.35	$4.29	$3.77	$3.52	$2.60	61.19	61.19
	Jul	44.65	46.34	$2.37	$5.28	$9.53	$7.84	$5.81	$5.81	$4.05	$6.19	$4.07	$6.26	$2.91	$4.62	61.19	61.19
	Aug	44.86	45.67	$2.63	$3.70	$9.45	$7.84	$5.81	$5.81	$4.09	$4.92	$4.08	$5.28	$3.06	$3.56	61.19	61.19
	Sep	44.81	45.67	$2.63	$3.70	$9.34	$7.84	$5.81	$5.81	$4.00	$4.92	$3.99	$5.28	$2.97	$3.56	61.19	61.19
	Oct	44.85	44.30	$2.66	$2.40	$9.33	$7.44	$5.81	$5.81	$4.00	$3.21	$4.07	$3.42	$3.12	$1.68	61.19	61.19
	Nov	46.58	46.04	$4.76	$4.46	61.68	$9.28	$5.81	$5.81	$6.03	$5.30	$6.15	$4.25	$5.11	$3.71	63.59	63.59
	Dec	46.68	44.88	$4.96	$3.37	61.37	60.11	$5.81	$5.81	$6.18	$2.65	$6.16	$3.04	$5.26	$1.21	61.58	61.58
1992	Jan	46.75	42.56	$3.62	49.10	61.21	60.54	$5.81	$5.81	$5.34	49.32	$6.20	$2.33	$5.23	49.55	61.58	61.58
	Feb	46.40	44.88	$3.22	$0.96	61.01	61.40	$5.81	$5.81	$4.67	$1.21	$5.80	$3.44	$4.85	$0.78	61.58	61.58

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Interim adjustment procedures

46. FICSA regrets that the documentation provided to the working group by the ICSC secretariat presented data selected to demonstrate that there were important discrepancies between the evolution of gross and net remuneration due, in particular, to monetary fluctuation. The data given in table 8 clearly show that the differences between the increase in net and gross salaries reflect in the great majority of cases the impact of taxation progressivity.

47. The present system of grossing up the adjusted net remuneration should therefore be maintained. This holds true for all methods that are being proposed. Any attempt to change the methodology and apply the same increase to gross and net salary will result in an arbitrary reduction of pensionable remuneration, as it would not take into account the impact of taxation progressivity.

Table 8

Net and gross salary adjustment between salary surveys in selected duty stations, 1988-1992

(based on the salary of a G-5/VI)

Geneva			London			Montreal			New York		
	Adjustment %			Adjustment %			Adjustment %			Adjustment %	
Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
Apr. 88	4.7	3.9	Mar. 88	10.6	9.0	Apr. 89	5.2	4.4	Dec. 88	4.6	4.1
Apr. 89	5.3	2.9	Dec. 88	6.2	5.1	Mar. 90	6.0	5.0	Oct. 89	5.5	4.9
Apr. 90	4.7	3.6	Aug. 89	5.8	5.1	Mar. 91	5.3	4.5	Sep. 90	6.7	5.9
Jan. 92	-2.5	4.1	Nov. 90	5.7	4.9				Sep. 91	4.4	3.9
			Sep. 91	5.0	4.7						

Paris			Rome			Vienna			Washington		
	Adjustment %			Adjustment %			Adjustment %			Adjustment %	
Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
Jan. 88	3.5	2.8	Jun. 88	6.0	4.3	Mar. 88	3.8	2.1	Nov. 88	3.9	3.6
Jan. 89	4.7	2.7	May 89	9.2	7.3	Mar. 89	12.0	9.2	Oct. 89	5.6	5.0
Jan. 91	5.5	4.6	Jan. 91	11.1	9.4	Mar. 90	5.0	4.1	Aug. 91	3.8	3.4
Jan. 92	4.8	4.0	Jun. 91	5.5	4.8						

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Definition of net pensionable salary

48. The current approach by which some elements of net remuneration are deemed to be "non-pensionable" is totally unacceptable and classifying "non-taxable" elements as "non-pensionable" does not make sense. It is in total contradiction with the basic principle according to which pensions, including those paid to United Nations officials, should aim at guaranteeing a standard of living during retirement not too different from that achieved during active service.

49. These elements obviously play a role and sometimes a key role in the standard of living of serving officials. Therefore, there is no justification to omit them when establishing pensionable remuneration, the level of which will ultimately determine whether a decent pension can be earned.

50. Furthermore, it should be recalled that the vast majority of national social security legislation stipulates clearly that all regularly occurring elements of remuneration are to be taken into account for pension contribution and benefit purposes. This principle should also apply to the so-called "non-pensionable" cash component of net salary given at some duty stations as they can represent a significant portion of the total salary.

51. In any case, the working group lacked the detailed information needed for an in-depth study of this issue and for making objective recommendations. It was however clear that there was total confusion in this field and that different criteria were used in different duty stations.

52. FICSA insists that, for the time being, the present methodology should be maintained, but that a thorough study of which elements should actually be pensionable, according to social security principles, be made as a matter of urgency.

Conclusions on portion of net remuneration to be retained

53. FICSA insists that the following principles should prevail in any future methodology for determining net pensionable salary:

(a) All elements should be included, unless there is clear evidence that they should not be pensionable;

(b) Identical criteria should apply in all duty stations;

(c) With the removal of the non-pensionable element, it will no longer be necessary to maintain a margin to prevent abrupt changes in pensionable remuneration from one survey to another, owing to changes in the employers surveyed;

(d) In no case should pensionable remuneration be lower than net salary.

Recommendations and conclusions

54. FICSA considers that the present system for determining General Service pensionable remuneration is satisfactory. Some adjustments are needed to address problems created by rapid inflation and devaluation of the local currency with consequent reduction of the United States dollar pension. These problems have to be addressed by the Pension Board as a matter of urgency.

55. For calculating pensionable remuneration, the Federation maintains that the present dollar-based staff assessment method has to be retained for the time being. The band-approach methodology could however be studied further. The use of local taxes for grossing-up purposes is in our view not a viable solution at present, for reasons described in paragraph 26. Total net remuneration should be used to calculate pensionable remuneration as is the practice in all the countries.

56. The Federation is totally opposed to applying to General Service staff predetermined income-replacement ratios as used for the Professional category. It does not address the questions of income-inversion or of overlap, lacks any technical justification and would introduce inequities.

57. As to the definition of pensionable net salary, all elements should be considered for calculating pensionable remuneration, unless it is clearly shown that this should not be done.

58. Whatever system is retained, the level of pensionable remuneration should be adjusted between surveys. This adjustment should continue to be done in accordance with the methodology used at present, i.e. by grossing up net remuneration plus pensionable elements.

59. It is regrettable that the data contained in the documents given to the working group were incomplete and incompatible. It was therefore impossible to appreciate the real impact of the different methodologies proposed, in particular those based on outside gross and on the band approach. In the latter, the description of the methodology was not understandable and the data provided limited to one period.

60. The choice of a methodology for determining pensionable remuneration is of such importance, that the choice of data should have been made with utmost care and objectivity. FICSA had the distinct impression that the data used were chosen to reach specific objectives, i.e. a substantial reduction of the pensionable remuneration and consequent pension of General Service staff (see example in annex XI to document ICSC/36/R.12).

61. What FICSA wants for all staff is adequate pensions with no windfall gains or losses. A pension system should not be gambled with. The present document has been presented with this in mind.

Table 9

Income-replacement ratios for 15 duty stations

G5 step 6
(January 1985-February 1992)

	Geneva		London		Montreal		New-York		Paris		Rome		Vienna		Washington	
	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate
1985 Jan	68.0	61.1	$6.6	72.6	$4.5	$7.1	$7.0	$7.0	72.6	90.4	$4.3	67.3	64.4	76.5	$4.8	$4.8
Feb	66.0	60.6	$7.3	75.5	$4.7	$7.6	$5.4	$5.4	73.2	91.2	$4.8	68.3	62.4	75.1	$5.0	$5.0
Mar	66.5	65.1	$8.0	77.5	$5.0	$9.9	$5.7	$5.7	73.7	95.5	$5.3	73.0	62.6	77.7	$5.2	$5.2
Apr	64.4	76.2	$8.3	67.3	$3.7	$8.2	$6.0	$6.0	74.2	88.6	$5.8	69.3	62.6	72.1	$5.4	$5.4
May	64.7	75.9	$5.9	63.9	$3.9	$7.9	$6.3	$6.3	74.6	88.2	$6.5	70.3	62.8	73.2	$5.6	$5.6
Jun	64.8	73.9	$6.1	65.6	$4.1	$8.4	$6.6	$6.6	75.0	87.5	$7.0	79.1	63.0	72.1	$5.8	$5.8
Jul	64.7	72.3	$6.2	60.9	$4.3	$8.0	$6.9	$6.9	75.0	83.3	$7.2	67.6	63.0	71.8	$6.0	$6.0
Aug	64.4	64.7	$6.1	$5.3	$4.4	$7.6	$7.1	$7.1	74.7	79.0	$7.4	64.1	62.8	65.2	$5.8	$5.3
Sep	64.1	64.3	$6.3	$9.6	$4.6	$7.7	$7.4	$7.4	71.3	72.5	$7.6	65.8	62.6	62.8	$4.0	$4.0
Oct	63.7	60.9	$6.2	$5.3	$4.9	$7.8	$7.7	$7.7	70.8	68.7	$7.5	$9.6	62.3	63.0	$4.3	$4.3
Nov	63.4	$9.2	$6.3	$3.7	$5.1	$8.7	$7.9	$7.9	70.2	67.2	$7.5	$9.6	62.1	62.5	$4.5	$4.5
Dec	63.2	$7.6	$6.1	$2.0	$5.3	$9.2	$8.2	$8.2	69.6	63.5	$7.5	$7.2	61.7	56.2	$4.7	$4.7
1986 Jan	63.1	$7.5	$6.1	$3.3	$5.5	$9.2	$8.4	$8.4	69.5	63.0	$7.6	$7.0	61.6	$5.4	$5.0	$5.0
Feb	63.0	$5.2	$5.9	$4.6	$5.7	60.5	$7.4	$7.4	68.8	60.0	$1.5	48.2	61.4	$2.0	$5.2	$5.2
Mar	63.1	$1.2	$5.3	$0.8	$5.9	$9.7	$7.7	$7.7	68.5	$4.8	$1.8	44.4	61.2	48.8	$5.4	$5.4
Apr	63.5	$4.7	$5.4	$1.8	$4.2	$7.7	$7.9	$7.9	68.3	$7.9	$2.3	47.6	61.3	$0.5	$5.7	$5.7
May	63.5	$0.7	$2.5	46.3	$4.5	$7.3	$8.2	$8.2	67.9	$5.7	$2.6	44.8	61.2	48.1	$5.9	$5.9
Jun	63.9	$3.4	$2.8	48.0	$4.7	$6.9	$8.4	$8.4	67.7	$8.4	$3.1	47.2	61.3	$0.8	$6.1	$6.1
Jul	64.2	$1.2	$3.1	48.2	$4.9	$7.4	$8.7	$8.7	67.5	$7.1	$3.6	46.8	61.3	49.4	$6.4	$6.4
Aug	64.4	48.3	$3.4	48.5	$5.1	$7.5	$9.0	$9.0	67.2	$5.9	$4.0	44.8	61.4	47.4	$6.6	$6.6
Sep	64.7	47.6	$3.7	48.8	$5.3	$7.5	$9.2	$9.2	67.1	$4.0	$4.4	44.2	61.5	45.9	$6.7	$6.7
Oct	65.0	48.2	$4.1	$1.1	$5.6	$7.6	$9.5	$9.5	67.1	$4.2	$4.9	45.2	61.7	46.3	$6.9	$6.9
Nov	65.4	49.6	$4.5	$2.5	$5.8	$7.6	$9.7	$9.7	66.9	$3.6	$5.3	45.0	61.7	46.6	$5.9	$5.9
Dec	65.5	$0.0	$4.7	$2.0	$6.0	$7.6	$9.9	$9.9	64.0	$1.2	$5.6	43.2	61.7	46.9	$6.1	$6.1
1987 Jan	64.1	47.8	$4.7	$0.7	$6.2	$7.6	$8.8	$8.8	63.7	$0.4	$6.0	43.8	$9.6	44.7	$6.3	$6.3
Feb	64.1	44.4	$4.8	48.4	$6.3	$6.0	$9.0	$9.0	63.3	47.5	$4.3	40.2	$8.4	40.6	$6.4	$6.4
Mar	64.4	45.9	$5.0	48.7	$6.5	$5.7	$9.2	$9.2	63.2	48.0	$5.0	42.0	$5.1	38.9	$6.6	$6.6
Apr	64.6	46.4	$5.2	46.8	$5.1	$3.0	$9.3	$9.3	63.1	48.0	$5.5	42.7	$5.5	38.9	$6.8	$6.8
May	64.8	45.5	$2.8	43.9	$5.3	$4.4	$9.5	$9.5	63.1	47.4	$6.1	43.4	$5.9	39.2	$7.0	$7.0
Jun	65.1	47.0	$3.2	45.0	$5.5	$4.5	$9.6	$9.6	63.0	47.8	$6.5	44.0	$6.2	40.2	$7.1	$7.1
Jul	65.2	47.6	$3.5	46.0	$5.7	$5.0	$9.8	$9.8	62.8	48.9	$7.0	45.2	$6.5	41.4	$7.3	$7.3
Aug	65.3	49.2	$3.7	47.0	$5.8	$5.2	$9.9	$9.9	62.8	$0.0	$5.0	45.1	$6.8	42.8	$7.5	$7.5
Sep	65.3	48.6	$3.9	46.4	$5.9	$4.5	60.1	60.1	62.7	49.8	$5.4	44.9	$6.9	42.4	$7.6	$7.6
Oct	65.3	$0.2	$4.0	46.8	$6.1	$4.2	60.2	60.2	62.5	$0.0	$5.7	45.6	$7.0	43.4	$7.7	$7.7
Nov	65.1	47.9	$4.0	44.7	$6.2	$4.3	60.3	60.3	62.2	49.5	$5.9	44.4	$7.0	42.0	$5.5	$5.5
Dec	65.0	45.8	$4.0	43.2	$6.4	$4.5	$6.5	$6.5	61.9	47.6	$6.2	43.7	$4.2	38.3	$5.7	$5.7

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Table 9 (continued)

1988 Jan	64.8	44.2	$4.1	42.1	$6.5	$4.2	$6.8	$6.8	$9.8	44.6	$6.4	43.7	$4.4	37.7	$5.9	$5.9
Feb	64.7	47.1	$4.2	45.1	$6.6	$3.5	$7.0	$7.0	$9.6	46.9	$6.6	45.7	$4.5	40.6	$6.0	$6.0
Mar	64.2	49.2	$4.1	45.7	$6.7	$2.9	$7.1	$7.1	$9.2	48.2	$6.6	46.4	$3.3	41.2	$6.2	$6.2
Apr	61.5	48.0	49.8	40.6	$6.5	$1.6	$7.3	$7.3	$8.8	48.2	$6.7	47.2	$3.3	41.3	$6.4	$6.4
May	61.2	48.8	$0.1	41.0	$6.6	$1.6	$7.5	$7.5	$8.6	48.9	$6.7	47.9	$3.3	42.1	$6.6	$6.6
Jun	61.1	$1.0	$0.5	42.1	$6.7	$2.1	$7.6	$7.6	$8.3	$0.2	$4.4	47.9	$3.4	44.0	$6.7	$6.7
Jul	60.9	$4.6	$0.9	46.8	$6.8	$1.0	$7.8	$7.8	$8.2	$4.0	$4.6	$0.0	$3.4	47.4	$6.9	$6.9
Aug	60.9	$6.4	$1.4	46.5	$6.9	$1.3	$8.0	$8.0	$8.2	$5.4	$4.8	$2.8	$3.5	49.3	$7.1	$7.1
Sep	60.8	$6.5	$1.7	48.5	$7.1	$2.4	$8.1	$8.1	$8.2	$6.8	$4.9	$4.5	$3.7	$0.5	$7.2	$7.2
Oct	60.9	$9.1	$2.0	49.0	$7.2	$2.3	$8.3	$8.3	$8.2	$7.8	$5.1	$5.5	$3.8	$1.2	$7.3	$7.3
Nov	60.8	$6.7	$2.2	47.3	$7.3	$1.7	$8.4	$8.4	$8.2	$5.6	$5.2	$2.9	$3.8	49.6	$8.4	$8.4
Dec	60.7	$5.0	$0.0	43.8	$7.3	$1.9	$8.3	$8.3	$8.3	$4.2	$5.4	$2.2	$4.0	48.4	$5.5	$5.5
1989 Jan	60.8	$6.3	$0.5	45.8	$7.4	$2.2	$8.5	$8.5	$8.9	$5.0	$5.6	$3.5	$4.3	$1.2	$5.7	$5.7
Feb	61.0	62.0	$0.8	47.3	$7.4	$2.0	$8.6	$8.6	$9.1	$7.7	$6.0	$4.6	$3.5	$5.8	$5.8	$5.8
Mar	61.1	60.9	$1.3	47.9	$7.5	$2.8	$7.0	$7.0	$7.4	$7.5	$6.3	$6.2	$3.5	$6.0	$6.0	$6.0
Apr	59.5	63.5	$1.7	$0.5	$5.1	$0.8	$7.2	$7.2	$7.6	$9.2	$6.5	$6.7	$0.3	49.6	$6.2	$6.2
May	59.7	63.9	$2.1	$0.7	$5.2	$0.6	$7.4	$7.4	$7.8	$9.0	$6.7	$6.4	$0.7	$1.5	$6.3	$6.3
Jun	59.9	64.2	$2.6	$5.5	$5.3	$1.8	$7.6	$7.6	$8.0	$3.7	$3.1	$6.1	$1.2	$1.8	$6.5	$6.5
Jul	59.9	63.3	$2.9	$6.1	$5.4	$2.2	$7.7	$7.7	$8.1	$2.4	$3.4	$7.4	$1.7	$6.5	$6.7	$6.7
Aug	60.2	63.7	$0.6	$0.6	$5.6	$2.5	$7.9	$7.9	$8.2	$0.3	$3.6	$7.0	$2.0	$5.9	$6.8	$6.8
Sep	60.4	65.9	$1.1	$3.5	$5.7	$1.5	$8.1	$8.1	$8.5	$2.5	$4.8	$7.7	$2.4	$3.6	$7.0	$7.0
Oct	60.6	64.8	$1.4	$8.1	$5.8	$1.9	$8.6	$8.6	$8.8	$1.3	$4.4	$6.8	$3.3	$5.6	$4.4	$4.4
Nov	60.6	64.0	$1.7	$4.9	$5.9	$2.2	$8.9	$8.9	$8.8	$0.2	$4.7	$5.9	$3.7	$4.5	$4.6	$4.6
Dec	60.9	64.2	$2.0	$5.8	$6.1	$2.1	$8.2	$8.2	$8.9	$9.1	$5.1	$5.1	$4.1	$3.8	$4.8	$4.8
1990 Jan	61.0	61.3	$2.2	$4.3	$6.2	$2.5	$6.4	$6.4	$2.4	49.4	$5.4	$4.2	$4.5	$1.4	$5.1	$5.1
Feb	61.3	59.9	$2.5	$2.6	$6.4	$4.3	$6.7	$6.7	$2.7	49.5	$5.8	$5.1	$5.1	$1.6	$5.3	$5.3
Mar	61.5	60.2	$2.9	$3.0	$5.8	$2.4	$6.9	$6.9	$3.0	49.9	47.9	45.7	$3.4	$0.1	$5.5	$5.5
Apr	59.5	56.3	45.6	45.8	$4.1	$1.9	$7.1	$7.1	$3.3	$0.7	48.5	46.6	$3.8	$1.4	$5.7	$5.7
May	59.6	$7.4	44.3	46.5	$4.2	$1.4	$7.4	$7.4	$3.6	$0.1	49.0	46.3	$4.3	$1.0	$5.9	$5.9
Jun	60.0	$5.7	44.8	44.7	$4.4	$2.6	$7.6	$7.6	$3.9	$0.1	49.6	46.3	$4.7	$1.5	$6.1	$6.1
Jul	60.3	$6.1	45.4	44.3	$4.6	$2.5	$7.9	$7.9	$4.2	$0.5	$0.1	46.9	$5.1	$1.6	$6.3	$6.3
Aug	60.4	$4.4	45.9	42.5	$4.7	$1.5	$8.1	$8.1	$4.4	49.5	$0.6	46.1	$5.4	$0.7	$0.7	$0.7
Sep	60.7	$2.4	46.5	41.4	$4.9	$1.4	$5.1	$5.1	$4.6	47.4	$1.1	45.2	$5.7	49.0	$1.1	$1.1
Oct	60.9	$2.8	47.2	43.4	$5.0	$2.5	$5.4	$5.4	$4.9	48.4	$1.6	46.4	$6.1	$0.0	$1.4	$1.4
Nov	61.3	$3.3	45.6	40.5	$5.2	$3.6	$5.8	$5.8	$5.2	47.2	$2.2	45.8	$6.6	48.7	$1.8	$1.8
Dec	61.7	$2.5	46.4	40.7	$5.4	$3.9	$6.1	$6.1	$5.6	47.2	$2.8	45.7	$7.1	48.4	$2.1	$2.1
1991 Jan	$6.6	46.2	47.2	42.6	$5.6	$4.3	$6.3	$6.3	$3.7	47.0	48.9	42.4	$7.7	$0.5	$2.5	$2.5
Feb	$7.3	46.9	47.9	42.5	$5.6	$4.6	$6.6	$6.6	$4.1	46.4	49.7	43.2	$8.1	49.4	$2.8	$2.8
Mar	$7.9	$1.0	46.7	44.3	$5.5	$2.1	$6.9	$6.9	$4.6	46.2	$0.5	44.5	$8.6	$0.9	$3.1	$3.1
Apr	$8.6	$7.1	49.5	48.9	$5.8	$2.5	$7.1	$7.1	$5.2	$3.2	$1.3	$0.5	$8.5	$5.1	$3.4	$3.4
May	$9.2	$9.1	$0.3	$2.0	$4.0	$2.8	$7.4	$7.4	$5.6	$4.2	$2.0	$2.3	$8.3	$8.3	$3.7	$3.7
Jun	$9.6	$8.4	$0.9	$0.8	$4.3	$3.1	$7.6	$7.6	$6.0	$5.1	$0.2	49.8	$8.7	$7.7	$4.1	$4.1
Jul	60.1	62.4	$1.8	$4.5	$4.6	$3.0	$7.9	$7.9	$6.4	$6.6	$1.0	$3.0	$9.0	60.9	$4.4	$4.4
Aug	60.4	61.5	$2.1	$3.2	$4.8	$3.3	$8.2	$8.2	$6.6	$7.4	$1.5	$2.6	$9.2	$9.8	$2.9	$2.9
Sep	60.7	61.9	$0.3	$1.3	$5.1	$3.7	$8.2	$8.2	$6.8	$7.7	$2.0	$3.2	$9.4	60.1	$3.2	$3.2
Oct	60.9	60.2	$0.8	$0.6	$5.3	$3.5	$8.6	$8.6	$6.9	$6.1	$2.4	$1.8	$9.5	$7.9	$3.6	$3.6
Nov	61.3	60.6	$1.5	$1.2	$5.5	$3.4	$8.9	$8.9	$7.2	$6.5	$3.0	$1.2	$9.8	$8.3	$4.0	$4.0
Dec	61.7	$9.3	$2.1	$0.6	$5.8	$4.7	$7.2	$7.2	$7.4	$3.8	$3.6	$0.7	60.0	$5.6	$4.3	$4.3
1992 Jan	$9.5	$4.2	$2.7	48.2	$6.1	$5.4	$7.5	$7.5	$5.4	49.4	$4.3	$0.5	60.2	$4.0	$4.6	$4.6
Feb	$9.6	$7.8	$3.4	$1.1	$6.3	$6.7	$7.7	$7.7	$5.7	$2.2	$4.9	$2.6	60.5	$6.0	$5.0	$5.0

Table 9 (continued)

	Alexandria		Brazzaville		Manila		Moscow		New-Delhi		Santiago		Tokyo	
	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate
1985 Jan	36.9	36.9	50.7	63.0	43.8	68.9	66.1	104.6	47.3	57.1	45.6	77.5	59.2	61.1
Feb	37.6	37.6	51.2	63.8	44.7	62.7	68.5	106.7	47.8	58.7	47.1	77.5	59.5	62.4
Mar	38.3	38.3	51.7	66.8	45.6	62.7	55.6	85.4	48.3	60.4	48.9	87.9	53.8	64.3
Apr	39.0	39.0	52.2	62.3	42.1	56.7	57.0	87.2	48.8	59.2	50.8	89.4	59.9	61.8
May	39.6	39.6	52.7	62.1	42.9	56.7	58.5	88.8	49.1	56.7	52.6	89.4	60.1	61.9
Jun	40.3	40.3	53.1	61.9	43.7	56.7	60.0	90.6	49.5	56.7	54.5	93.4	60.2	62.0
Jul	41.0	41.0	53.3	60.7	44.6	57.2	52.5	78.5	49.9	57.9	48.4	88.7	60.3	62.1
Aug	41.7	41.7	53.4	56.6	45.4	57.2	54.4	106.6	50.1	55.2	50.1	88.7	60.2	58.5
Sep	42.3	42.3	53.5	54.4	46.3	57.2	56.4	112.0	50.3	55.1	51.7	88.7	60.2	58.7
Oct	43.0	43.0	51.7	50.2	47.1	58.2	58.5	117.0	45.2	49.3	51.5	88.1	60.1	53.8
Nov	43.6	43.6	51.8	49.5	47.9	58.1	61.3	146.2	45.5	49.3	53.0	90.5	58.4	51.6
Dec	44.2	44.2	52.0	47.4	48.5	51.8	64.2	150.6	45.8	49.3	54.4	90.4	58.4	49.4
1986 Jan	39.2	39.2	52.3	47.6	44.3	53.0	66.0	154.1	46.1	49.9	53.4	87.7	58.6	49.7
Feb	39.9	39.9	52.4	45.7	45.1	53.0	51.8	107.6	46.4	50.0	54.7	88.3	58.7	48.8
Mar	40.7	40.7	52.6	42.1	45.9	58.5	53.0	105.9	46.8	50.0	56.0	88.0	58.7	45.3
Apr	41.3	41.3	46.6	39.6	46.8	58.0	54.1	104.2	47.1	50.4	56.8	88.8	58.9	45.8
May	42.0	42.0	46.9	38.4	47.6	58.0	55.5	112.1	47.4	50.4	58.1	88.6	59.0	43.2
Jun	42.7	42.7	47.3	40.8	48.4	57.9	57.4	132.4	47.8	52.3	59.4	88.3	59.4	45.1
Jul	43.3	43.3	47.5	40.2	49.1	58.3	44.9	104.6	48.1	52.8	59.4	84.8	59.7	45.6
Aug	44.8	72.2	47.8	39.7	49.9	58.3	46.1	99.5	48.4	52.8	60.5	84.3	59.9	41.9
Sep	45.6	72.3	48.0	38.6	50.5	58.2	47.7	111.6	48.8	52.8	61.4	86.4	60.3	42.6
Oct	46.4	72.4	48.3	39.0	51.0	58.1	49.3	116.7	49.1	53.0	60.3	82.9	60.7	43.3
Nov	47.3	72.5	48.5	39.0	51.4	58.1	51.0	122.1	49.4	53.0	61.1	85.1	58.1	42.9
Dec	48.1	72.6	48.7	39.0	47.7	53.4	41.3	98.9	49.8	54.6	62.0	84.4	58.6	43.7
1987 Jan	49.0	72.7	48.9	38.7	48.2	53.4	42.7	101.6	46.0	50.1	60.3	80.4	59.1	44.5
Feb	49.9	72.8	48.7	36.6	48.6	53.3	44.3	105.2	46.4	50.2	61.0	79.6	59.5	42.4
Mar	50.7	72.9	48.8	37.0	48.9	53.1	45.0	109.0	46.8	50.3	61.6	80.7	60.1	44.2
Apr	51.6	73.0	48.8	37.1	49.3	53.0	32.5	78.9	47.1	49.5	59.0	75.8	60.6	42.7
May	40.5	56.1	48.9	36.8	49.6	52.9	33.8	81.9	47.5	49.7	59.5	76.6	61.2	42.0
Jun	42.1	91.3	48.9	37.1	49.7	52.8	35.3	86.0	47.9	49.9	59.9	75.6	61.7	42.9
Jul	43.7	91.3	48.9	38.1	49.8	52.5	29.7	72.4	48.3	50.0	57.6	73.9	62.2	45.4
Aug	45.3	91.3	49.0	39.0	49.9	52.5	30.6	73.5	48.6	50.2	58.4	73.3	62.6	47.9
Sep	46.9	91.3	49.1	38.9	50.0	52.4	32.0	75.8	48.9	50.3	59.3	73.0	62.7	46.1
Oct	48.5	92.6	49.0	39.2	50.1	52.7	26.9	63.7	49.2	51.1	57.0	69.1	63.0	47.0
Nov	50.1	92.6	48.9	39.0	50.1	52.6	28.2	65.7	49.4	51.2	57.6	72.3	63.2	47.2
Dec	51.7	92.6	48.8	37.6	43.8	46.0	30.2	93.1	49.7	51.4	55.7	68.8	63.4	46.3

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Table 9 (continued)

1988	Jan	53.4	93.0	48.6	36.3	43.9	46.8	25.1	62.4	49.9	51.2	53.9	69.0	63.4	45.1
	Feb	53.0	93.0	48.4	38.1	44.1	46.7	24.8	62.5	50.0	51.4	54.3	68.4	63.6	45.5
	Mar	56.6	93.0	48.2	39.2	44.2	46.7	26.5	63.4	50.2	51.5	54.7	67.9	63.6	46.4
	Apr	56.3	94.2	47.9	39.3	44.5	47.1	22.1	49.9	46.2	47.9	53.5	65.5	63 0	46.2
	May	59.9	94.2	47.8	39.9	44.7	47.1	25.6	50.4	46.6	48.1	53.8	63.4	63 0	47.1
	Jun	61.6	94.2	47.7	41.0	45.0	47.2	25.1	50.8	46.9	48.4	54.1	64.3	62.9	48.1
	Jul	63.3	96.3	47.6	44.1	45.2	47.2	26.5	51.1	47.3	51.8	53.3	63.8	62.8	51.0
	Aug	65.0	96.3	47.5	45.2	45.6	47.4	27.8	51.3	47.6	51.8	53.5	63.3	62.8	51.9
	Sep	66.8	96.3	47.5	46.4	35.2	36.4	29.2	51.6	47.8	51.9	53.6	62.8	62.7	54.0
	Oct	68.5	97.2	47.6	47.2	35.8	37.4	30.5	51.9	48.2	54.6	52.8	60.5	62.8	54.9
	Nov	70.2	97.2	47.5	45.3	36.6	38.0	31.8	52.2	48.5	54.7	52.8	60.1	62.7	52.3
	Dec	61.3	82.8	47.5	44.2	37.3	38.6	33.2	52.5	48.8	56.5	52.9	58.7	62.8	51.9
1989	Jan	62.8	83.5	45.7	44.3	38.0	39.3	34.6	52.8	49.1	56.5	50.1	56.0	62.8	53.5
	Feb	64.4	83.5	46.0	46.5	38.7	39.9	30.7	45.5	49.4	56.8	50.2	53.7	62.9	56.0
	Mar	65.9	83.5	46.2	46.3	39.3	40.5	31.9	47.2	49.8	56.5	50.3	55.4	63.1	56.7
	Apr	67.5	87.5	46.4	47.6	39.9	41.1	33.1	48.0	50.2	58.5	50.4	57.6	62.5	59.0
	May	68.7	88.4	46.5	47.4	40.5	41.7	31.9	45.4	50.5	58.5	50.5	55.9	62.8	59.6
	Jun	70.1	90.7	46.7	51.2	41.1	42.2	33.1	48.4	36.6	45.7	50.6	55.6	63.0	63.4
	Jul	71.2	90.0	46.7	50.2	41.8	43.5	30.9	45.4	36.9	44.5	45.0	51.9	63.1	63.9
	Aug	71.8	89.3	46.8	48.5	42.4	44.0	32.1	43.9	37.2	44.5	45.3	53.7	63.3	64.3
	Sep	72.4	88.5	47.0	50.3	39.2	40.6	33.3	44.4	37.4	44.5	45.5	53.5	63.5	66.1
	Oct	73.0	87.8	47.1	49.2	39.8	41.7	34.6	46.2	37.7	45.4	45.8	54.3	63.7	65.0
	Nov	73.4	87.0	47.2	48.3	40.5	42.3	35.8	48.4	38.1	45.4	46.3	54.3	63.8	65.4
	Dec	73.9	86.2	47.3	47.5	41.1	42.9	37.0	48.8	38.3	45.4	46.8	56.3	63.8	67.1
1990	Jan	67.1	77.7	47.3	44.6	41.8	44.3	35.4	45.8	35.8	42.3	42.2	51.0	63.8	66.4
	Feb	67.3	76.7	47.5	44.7	42.4	44.9	36.5	46.0	36.1	42.4	42.7	51.2	64.0	66.6
	Mar	67.5	75.8	47.7	44.9	43.1	45.3	37.6	48.4	36.4	42.4	43.3	51.3	64.1	70.2
	Apr	67.7	76.0	47.9	45.5	43.7	47.1	36.5	48.3	36.8	43.2	44.0	51.6	64.3	74.5
	May	67.8	75.0	48.1	44.9	44.4	47.6	39.4	48.3	37.1	43.3	44.6	51.9	64.5	74.5
	Jun	67.3	74.0	48.3	44.9	45.0	48.2	40.3	48.7	37.4	43.3	45.3	52.3	64.7	71.2
	Jul	66.8	75.3	48.4	45.1	45.7	49.4	41.2	50.3	34.6	40.1	41.0	46.9	64.9	73.2
	Aug	66.3	74.2	48.5	44.2	40.8	43.9	28.0	33.6	35.0	40.2	41.7	47.3	64.8	70.3
	Sep	65.7	73.1	48.6	42.2	41.7	48.4	29.0	34.3	35.4	40.3	42.5	48.6	64.9	68.4
	Oct	65.1	72.9	48.8	43.0	42.5	50.9	30.1	35.7	35.8	42.1	43.3	49.9	64.9	69.2
	Nov	64.6	71.8	48.9	41.8	43.3	54.9	31.1	36.3	36.2	42.1	44.0	51.6	64.2	60.5
	Dec	64.0	73.1	49.2	41.8	44.1	55.3	31.9	37.0	36.5	42.2	44.8	54.8	64.4	60.7
1991	Jan	54.6	62.5	38.7	33.9	44.7	58.6	32.7	37.7	36.9	42.2	39.7	48.6	64.9	64.8
	Feb	54.0	61.3	39.3	35.7	45.4	55.9	29.2	33.4	37.3	42.3	40.4	49.3	65.1	63.1
	Mar	53.5	67.1	39.9	35.2	46.0	56.3	30.1	34.6	37.7	44.7	41.1	49.7	65.4	63.3
	Apr	52.9	68.3	40.6	38.1	46.7	56.6	30.9	35.4	38.1	45.1	41.9	50.9	65.8	66.4
	May	52.3	66.7	41.1	41.4	47.3	56.9	31.7	35.9	38.6	47.0	42.6	51.3	66.1	66.5
	Jun	51.6	65.1	41.6	40.9	48.0	57.2	32.4	36.5	39.1	48.4	43.4	51.7	66.4	66.6
	Jul	50.9	63.7	42.0	43.6	48.6	57.5	33.2	37.7	39.9	61.1	39.1	46.9	66.6	66.7
	Aug	50.2	62.2	42.4	43.0	41.7	46.9	30.3	34.2	40.7	61.1	39.9	47.4	66.8	66.8
	Sep	50.5	61.8	42.7	43.5	42.4	47.3	31.1	34.8	41.5	61.1	40.7	47.9	66.9	66.9
	Oct	50.7	61.5	43.0	42.4	43.0	47.8	32.0	36.0	42.4	65.1	41.6	49.6	67.0	64.5
	Nov	50.9	61.1	43.4	42.8	43.5	48.1	32.8	36.6	43.2	65.1	42.4	50.3	67.2	63.7
	Dec	51.1	60.8	43.8	41.0	44.0	48.3	33.7	37.3	44.1	65.1	43.3	52.2	67.5	63.8
1992	Jan	51.3	60.4	44.1	39.2	44.6	48.1	34.5	37.9	44.7	59.9	44.1	53.3	67.7	61.5
	Feb	51.5	60.0	44.5	41.6	45.1	48.4	35.4	38.5	45.4	59.9	44.9	51.5	67.9	61.7

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Appendix III

REVIEW OF THE GENERAL METHODOLOGY FOR SURVEYS OF BEST PREVAILING CONDITIONS OF EMPLOYMENT AT HEADQUARTERS DUTY STATIONS

Background

1. At its forty-fifth session, the General Assembly requested the International Civil Service Commission (ICSC), in consultation with representatives of the staff and of the Consultative Committee on Administrative Questions (CCAQ), to review the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations.

2. At its spring 1992 session, ICSC considered a report of an informal working group composed of representatives of staff and of CCAQ as well as a separate note on grade overlap, recruitment and retention of staff in the General Service and related categories. Following this review, ICSC decided to constitute a formal working group composed of three representatives of the Commission, three representatives of CCAQ and two representatives each of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA). The following mandate was given to this working group:

(a) To review the data provided by the informal working group in the light of the views expressed at the thirty-fifth session of ICSC and any additional information it considered relevant to the subject;

(b) To report to the Commission at its summer 1992 session its views on the Flemming principle, the modalities for its application and the survey methodology. Where revisions were required, these would be presented in the form of options for consideration by the Commission.

3. The Group submitted its conclusions to the thirty-sixth session of ICSC held in July 1992 at the International Maritime Organization (IMO) in London.

Introduction

4. FICSA was completely taken aback by the unusual procedure followed by ICSC at its thirty-sixth session to take its decisions and formulate its recommendations on this fundamental issue.

5. After two days of informal discussion (i.e. questions by ICSC Commissioners to members of the working group and the ICSC secretariat), the staff expected that, as in the past, a formal discussion would take place to allow their representatives and those of CCAQ to make specific comments and present their position on the different parts of the methodology. Great was therefore FICSA's surprise when the Commissioners decided to take their

decisions and formulate their recommendations without any further discussion. This procedure cannot be condoned by the Federation.

6. It will be remembered that, in 1988, FICSA decided to withdraw from ICSC because of its negative attitude towards staff representatives and its work procedures, which made a mockery of staff/management consultation. Even the General Assembly had requested ICSC to adopt work procedures more in line with modern staff/management practices.

7. In 1990, after a formal decision by ICSC to change its work procedures towards more transparent and open discussions and decision-making, FICSA agreed to resume its participation in ICSC, it being understood that the Federation would withdraw again, should ICSC revert to its previous working methods.

8. The attitude adopted by ICSC during its July 1992 session forced FICSA, and this time also CCISUA, to withdraw again with immediate effect from participation in ICSC sessions. This time, the situation was even worse because it raised questions of substance in addition to form. The deliberations of the Commission went contrary to the spirit of the Flemming principle, although this principle had been reconfirmed by the Commission itself as the basis for the review of the salary survey methodology. The principle, as formulated by ICSC at its fifteenth session, reads as follows:

> "It is stated under Article 101 of the Charter of the United Nations that 'the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standard of efficiency, competence and integrity'. To comply with the standards established by the Charter as regards the employment of locally recruited staff, the organizations of the United Nations system must be competitive with those employers in the same labour market who recruit staff of equally high calibre and qualifications for work which is similar in nature and equal in value to that of the organizations. Remaining competitive in order to both attract and retain staff of these high standards requires that the conditions of service for the locally recruited staff be determined by reference to the best prevailing conditions of service among other employers in the locality. The conditions of service, including both paid remuneration and other basic elements of compensation, are to be among the best in the locality, without being the absolute best."

As pointed out below, the changes adopted by the Commission without open discussion have introduced elements into the methodology which fundamentally alter this statement of the principle; an example is the decision of ICSC to retain in surveys only those employers having more than 100 employees. In certain duty stations this would result in the exclusion of the majority of employers. This decision is therefore in total contradiction with the Flemming principle. Furthermore, FICSA would like to recall that the annual salary survey performed by the Bureau of Labor Statistics in the context of the Federal Employees Pay Comparability Act includes firms with 50 employees and more.

The new methodology

9. The present document contains FICSA's position and its comments on the changes to the methodology proposed/decided by the Commission. a/

Preparatory phase (para. 231 (b))

Role of the secretariat (subpara. (iv))

10. Up to now, the preparatory phase was entrusted to a local ad hoc working group, composed of representatives of the administrations and of the staff of the duty station concerned, because of their knowledge of local conditions. The task of this group was to prepare the list of firms and jobs to be surveyed and the letter to be addressed to employers requesting their collaboration in the survey.

11. These tasks were performed in collaboration with the secretariat of ICSC and any change was submitted to the approval of its Chairman. The final approval was given by ICSC itself. In all cases, the group followed closely the general guidance of ICSC.

12. The decision taken by ICSC completely changes the situation. In future, the ICSC secretariat itself would be supervising this preparatory phase, with staff and administration confined to the role of subordinates under the supervision of the secretariat.

13. This change, which does not present any improvement, is considered by FICSA to be just another vexing measure against the staff. The Federation insists, therefore, that the existing procedure be maintained.

Selection of employers

14. While agreeing with the principle that the employers to be surveyed should represent a cross-section of competitive economic, public and private, sectors (subpara. (v)), FICSA is totally opposed to the automatic inclusion in the sample of public sector or parastatal institutions if these are not among the best local employers. The Federation insists that the present procedure be maintained.

15. The local salary survey aims at identifying the best employers on the total local market and not only in one given section of that market, namely those employing 100 persons or more (subpara. (vi)). During the last round of surveys, FICSA had, for practical reasons, exceptionally agreed to include only firms with 50 staff members or more, it being understood that employers with fewer staff could be included if the structure of the local market justified such an exception.

16. In the case of Geneva, ICSC's proposal to exclude all firms with less than 100 staff would eliminate the majority of employers. This would be contrary to the Flemming principle which ICSC itself has reaffirmed.

17. As mentioned in paragraph 8 above, the Bureau of Labor Statistics, in the context of the Federal Employees Pay Comparability Act, includes in its annual salary surveys firms with 50 employees and more, to compare the United States private sector with the United States federal service.

18. FICSA insists therefore that a flexible approach be adopted in the determination of the size of the employers to be surveyed so as to reflect as accurately as possible the structure of the labour market concerned.

19. As to the desirability of job evaluation systems in the firms surveyed (subpara. (ix)), FICSA insists that also here the existing, more flexible, methodology be maintained. This methodology enables the inclusion of employers who, although they do not have an evaluation and classification system, represent an important competitor on the local labour market.

20. FICSA does not disagree with the change proposed concerning employers with multiple sites in a given locality (subpara. (x)); however, the survey should be confined to the unit in the selected site. It often happens that units of the same employer, placed in different sites of the same locality, have different aims and consequently different salary structures and regulations (see subpara. (vii)).

21. FICSA agrees with the proposals made in subparagraphs (viii), (xi) and (xii).

Selection of jobs (subparas. (xiii)-(xviii))

22. FICSA agrees with the proposals made under this heading.

Development of benchmarks

23. FICSA has doubts as to the feasibility of developing a common job classification for all duty stations (subparas. (xix)-(xx)), as the conditions of work and staff structures are adapted to local conditions and can therefore vary considerably from one duty station to another. This proposal is premature and requires further consideration.

24. FICSA is totally opposed to the proposal in subparagraph (xx). The salary survey aims at comparing conditions offered by local employers for jobs similar to those existing in the United Nations system. The survey is not designed to compare the hierarchical structures existing on the local market with those in the United Nations. These structures and hierarchies vary from one employer to another according to their needs. Providing the information suggested by ICSC would only have negative effects: namely an additional burden for the employers and, more serious, it could bias the survey results. FICSA insists, therefore, that this proposal be deleted.

Data collection phase (para. 213 (c))

Job matching

25. When comparing jobs it is important to achieve as close a match as possible concerning the tasks to be performed and the responsibilities of the job. FICSA can therefore not agree with ICSC's proposal to give the same weight to tasks and responsibilities of a job and to the qualifications required. The proposal in subparagraph (xxi) would mean that any post whose incumbent fully exercises the functions and responsibilities of that post, but who does not have the required qualifications, would be excluded from the job comparison.

Educational qualifications

26. FICSA does not agree to the last sentence in the proposal in subparagraph (xxii). Its application would mean excluding from the survey some jobs for which outside employers require university degrees. The job match has always to be made on functions that are relevant to local structures, but which might differ from those used in the United Nations. In this context it should be noted that several United Nations bodies, including the Joint Inspection Unit (JIU), have recognized that an overlap of functions exists between the two categories of staff in the United Nations system.

Type of salary data to be collected (subpara. (xxiv))

27. Seniority in a job or in a firm can have a considerable influence on the salary level. It is, therefore, important to collect information on seniority, no matter which method is used to match the outside with the inside salary levels.

28. As an example, a firm used during two or more surveys could, for reasons of its own, change its recruitment policy, going from a consolidation phase (no or limited recruitment), to an expansion phase (intensive recruitment). Depending in which phase the salary survey takes place, this could influence the average seniority in that firm and in turn affect the average salary of a given job. Similarly, changing one employer by another could introduce seniority differences which could affect the results. This is why FICSA insists that seniority data be collected at the same time as salary data, as it will avoid the risk of biased salary increases and decreases.

Cooperation of employers (subpara. (xxv))

29. Both FICSA and the staff associations and unions concerned will do whatever they can to encourage employers to participate in the surveys.

Data analysis phase (para. 231 (d))

Elimination of employers

30. FICSA does not agree to the revision of the current procedure (subpara. (xxvi)) for the following reasons:

(a) The main aim of the survey is to collect data on employers in a given duty station. The ICSC proposal (subpara. (xxvii)) would give the same weight to data from good and from bad employers. This is in total contradiction with the aim of the survey and with the spirit of the Flemming principle. FICSA maintains that the present methodology should be kept, whereby an employer whose average salary would be 10 per cent lower than the average salary of all the employers participating in the survey would be eliminated;

(b) The proposal in subparagraph (xxviii) would open the door to all types of arbitrary decisions. FICSA would prefer a more flexible approach to this delicate problem and wishes therefore that the present formulation be maintained.

Elimination of jobs

31. FICSA does not agree to the changes proposed in subparagraph (xxix), that is to eliminate from the job matches those employers who have only one incumbent in the job reviewed, unless the job in question is clearly one-of-a-kind. The introduction of such a change would:

(a) De facto eliminate all the small- and medium-sized employers;

(b) Cancel the transitional provision established by ICSC under subparagraph (vi), whereby employers having less than 100 employees, but having participated in the previous survey, would be kept;

(c) Introduce complete arbitrariness in the determination of the jobs that would not need to have more than one incumbent per employer reviewed; and

(d) Reduce considerably the number of employers and matches retained for the determination of the outside salary level for any given job.

Quantification of fringe benefits

32. FICSA disagrees with the proposal in subparagraph (xxxiii) whereby a benefit should be evaluated at the cost to the employer. If a person ceases to be employed by a given firm he/she would have to pay the normal market value to obtain this benefit. The evaluation, to be objective, has therefore to be based on the market price and not on the cost to the employer. The present provisions in the methodology should be maintained.

Social security provisions (subparas. (xxxiv-xxxv))

33. This element constitutes, along with salaries, the basis of the conditions of employment. It is thus essential that its weight and impact be assessed as accurately as possible. While not disagreeing with the Commission's recommendations, FICSA continues to insist that this issue be studied in detail without any delay. This is now even more urgent in view of the ICSC proposals in this document which would negatively affect the level of pensionable remuneration and consequently of pensions of General Service staff.

Employers not subject to taxation (subpara. (xxxvii))

34. Salary data that are not subject to taxation have to be considered as net salaries. At present, an arbitrary tax deduction is made. Staff have filed a complaint with the Administrative Tribunal on this practice. It would, therefore, be advisable for the Commission to take appropriate steps to redress this situation.

Seventy-fifth percentile

35. FICSA supports the ICSC proposal in subparagraph (xxxviii).

Dominance

36. FICSA agrees with the proposal in subparagraph (xxxix), which avoids a single employer influencing the results of the survey.

Language (subpara. (xl))

37. FICSA strongly opposes the suppression of this salary correction factor. The employer which, for specific reasons, needs a person with proficiency in a foreign language, grants a higher salary. In the countries or duty stations where the local language is not one of the official languages of the organizations, recruitment is based on the proficiency in one of these official languages. The persons recruited will therefore have to be proficient in at least one foreign language and this knowledge has a specific value on the local market. This correcting factor is therefore fully justified, especially in view of the fact that in most cases, salary data collected in the countries concerned refer to persons speaking only the local language. It would be desirable to use the survey process to quantify the amount of the premium paid for language skills on the local market, rather than assigning an arbitrary value as at present.

Sex discrimination (subpara. (xli))

38. The salary statistics of virtually all, if not all, countries discriminate against women (a good example is Geneva). It is therefore of utmost importance that special attention be given to this issue during salary surveys, to avoid biased results by including employers who pay lower wages to women. Future recruitment could be significantly affected by such a bias.

Internal matching points

39. For the reasons given in paragraphs 27 and 28 above, FICSA does not agree with ICSC's reasoning that no adjustments should be made for seniority when determining the internal/external matching points using the dual-pay-line methodology (subpara. (xlii)). This proposal is too rigid and could lead to serious problems when the results would show unusual variations from one survey to another. It is preferable to leave the possibility for ad hoc adjustments which could, if need be, take into account external/internal seniority differences.

40. FICSA agrees with the proposals in subparagraph (xliii) as they are in line with the aim of the extra step introduced by ICSC.

41. FICSA cannot agree with the proposal in sub-paragraph (xliv) as it would penalize staff in the United Nations organizations where such extra steps are not granted. As a matter of equity, FICSA requests that the same methodology be applied here as described under subparagraph (xliii), i.e. to include the staff concerned at the step just below the extra longevity step approved by ICSC.

Decision phase, including construction of salary scale (para. 231 (e))

42. FICSA fears that ICSC might be tempted to use this information (subpara. (xlv)) to change the results to its liking. The Federation does not object to the Commission being informed, but wants to be assured that this information will not be used to manipulate the results to the detriment of staff.

43. FICSA fully agrees that all steps of the process have to be kept transparent (subpara. (xlvi)) and brought to the attention of all parties.

Periodic adjustments between surveys

44. FICSA cannot agree with the proposal in subparagraph (xlvii) as it has no technical justification. The interim adjustment index selected has to be applied to the remuneration without any reduction, especially in those duty stations where measures have been introduced to eliminate the effects of the taxation progressivity on remuneration (e.g. in New York). This is even less acceptable because ICSC is proposing in the section of the report dealing with pensionable remuneration, to adjust the latter with the same index and the same percentage used for adjusting net remuneration. The procedure proposed by ICSC is a technical aberration which only aims at reducing arbitrarily salaries and pensions of the staff concerned. The present methodology for interim adjustments should therefore be maintained, both for net salaries and for pensionable remuneration. It should be remembered that the existing methodology is applied in all countries of the world.

45. FICSA strongly opposes the suspension for any reason whatsoever of any interim adjustment due on a given date (subpara. (xlviii)). It is for the Commission to take appropriate steps for ensuring that the results of the surveys are available at the time when an interim adjustment is due. FICSA would like to underline that with the present methodology, the adjustment of purchasing power of salaries is already delayed by one year. FICSA can therefore not accept the introduction of any further delays.

Recruitment, retention and grade overlap (para. 231 (f))

46. FICSA has no difficulty with the Commission's conclusion that it does not consider further study of recruitment and retention to be warranted at this time (subparas. (xlix-l)). However, FICSA anticipates that these problems will become more severe if the recommendations made by ICSC are adopted by the Fifth Committee. Thus, it would be for the administrations of the United Nations and its specialized agencies to arrange for continuing monitoring of the recruitment and retention problems within the framework of the Consultative Committee on Administrative Questions (Personnel Questions). This would permit accurate data to be provided to ICSC at such time as this topic is again considered by the Commission.

47. In noting the current extent of the grade overlap, it is also important to note that the JIU report referred to was issued in June 1991. Thus, the extent of grade overlap was over one year out of date at the time ICSC took note of the report. However, there are many other points raised in the JIU report, b/ which should have also drawn the Commission's attention; paragraphs 24 and 25 identify the freeze on Professional salaries and the lack of a salary increase for this category in real terms as contributors to this overlap.

Concluding remarks

48. FICSA is concerned that the revisions to the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations will be to the disadvantage of the locally recruited staff immediately and to the good functioning of the common system in the medium term. It has presented above its objections to various changes to the methodology as presented by ICSC and its suggestions to improve it.

49. The Federation recognizes that it is within the mandate of ICSC to promulgate a methodology for performing such surveys. Thus the changes are presented for the information of the General Assembly. It has been decided by the Commission that these changes will be incorporated into a revised methodology and that the current round of surveys will be undertaken using that methodology. If members of the Fifth Committee share the views of FICSA that such changes will be detrimental to the good functioning of the common system, the Federation would suggest that a resolution be adopted requesting ICSC to again review the methodology before its implementation.

Notes

a/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), chap. V.

b/ A/47/140.